Altice France Holding S.A.

Special Purpose Financial Statements

As of and for year ended
December 31, 2022

Special purpose statement of income (€m)	Note	December 31, 2022	December 31, 2021
Revenues	6.1	**11,301.0**	**11,101.2**
Purchasing and subcontracting costs		(3,216.5)	(3,147.7)
Other operating expenses	8	(1,835.9)	(1,740.9)
Staff costs and employee benefits	7	(1,094.4)	(1,065.9)
Depreciation, amortisation and impairment		(3,373.9)	(3,347.5)
Other expenses and income (*)	6.2	(193.8)	(974.2)
Operating profit		**1,586.4**	**825.1**
Interest relative to gross financial debt		(1,085.9)	(1,037.1)
Realised and unrealised gains/(loss) on derivative instruments linked to financial debt		1,157.0	(61.0)
Finance income		58.4	74.7
Other financial expenses		(1,010.4)	(309.2)
Net result on extinguishment of financial liabilities		33.3	(177.4)
Finance costs, net	9	**(847.7)**	**(1,510.0)**
Share of earnings of associates and joint ventures	16	(135.9)	(239.4)
Income tax benefit/(expenses)	10	(352.7)	383.5
Profit/(loss)		**250.0**	**(540.9)**
Attributable to equity holders of the parent		*218.2*	*(626.0)*
Attributable to non-controlling interests		*31.9*	*85.1*

(*) Refer to Note 6.2 – *Adjusted EBITDA*

Special purpose statement of other comprehensive income (€m)	Note	December 31, 2022	December 31, 2021
Profit/(loss)		**250.0**	**(540.9)**
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation adjustments		(4.7)	2.4
Cash flow hedges		14.7	157.9
Related taxes	10.3	(3.8)	(40.8)
Other items related to associates and joint ventures		0.3	0.2
Items that will not be subsequently reclassified to profit or loss:			
Actuarial gain/(loss)	28	37.5	7.1
Related taxes	10.3	(9.2)	(1.1)
Total comprehensive profit/(loss)		**284.7**	**(415.1)**
Of which:			
Attributable to equity holders of the parent		*254.0*	*(501.5)*
Attributable to non-controlling interests		*30.7*	*86.4*

The accompanying notes form an integral part of these combined financial statements.

Special purpose statement of financial position (€m)	Note	December 31, 2022	December 31, 2021
Assets			
Goodwill	11	10,446.8	9,896.3
Intangible assets	12	5,434.3	5,762.5
Contracts costs	13	211.2	189.5
Property, plant and equipment	14	6,258.7	6,185.2
Rights of use assets	15	3,441.3	4,003.8
Investments in associates and joint ventures	16	874.6	1,011.7
Financial assets	17	2,190.5	1,710.2
Deferred tax assets	10	541.8	772.2
Other assets	17	137.5	171.8
Total non-current assets		**29,536.8**	**29,703.2**
Inventories	18	426.2	389.1
Trade and other receivables	19	3,904.1	3,409.1
Contracts assets	13	195.8	224.2
Current tax assets	10	7.6	33.8
Financial assets	20	479.7	235.9
Cash and cash equivalents	21	367.8	466.8
Total current assets		**5,381.3**	**4,758.9**
Total assets		**34,918.0**	**34,462.1**

Special purpose statement of financial position (€m)	Note	December 31, 2022	December 31, 2021
Equity and liabilities			
Issued capital	22	401.0	401.0
Additional paid in capital		2.2	-
Reserves		(5,442.4)	(5,641.3)
Equity attributable to owners of the company		**(5,039.2)**	**(5,240.3)**
Non-controlling interests		**28.0**	**19.3**
Total equity		**(5,011.2)**	**(5,221.0)**
Borrowings, financial liabilities and relating hedging instruments	23	23,749.2	23,720.4
Lease liabilities	23	5,318.5	5,599.0
Other financial liabilities	23	346.7	347.6
Provisions	27	238.5	352.0
Non-current contracts liabilities	13	467.5	454.7
Deferred tax liabilities	10	22.4	20.4
Other non-current liabilities	29	705.9	481.6
Total non-current liabilities		**30,848.8**	**30,975.8**
Borrowings, financial liabilities	23	628.0	268.0
Lease liabilities	23	613.6	732.0
Other financial liabilities	23	1,461.9	1,937.5
Trade and other payables	30	5,574.3	4,887.2
Contracts liabilities	13	507.3	499.3
Current tax liabilities	10	26.9	24.1
Provisions	27	215.2	308.2
Other current liabilities	30	53.2	51.0
Total current liabilities		**9,080.5**	**8,707.3**
Total equity & liabilities		**34,918.0**	**34,462.1**

The accompanying notes form an integral part of these combined financial statements.

Special purpose statement of changes in equity	Equity attributable to owners of the company						
	Capital	Additional paid-in capital	Reserves	Other comprehensive income	Total	Non-controlling interests	Combined equity
(€m)							
Position as of December 31, 2020	**401.0**	**3,663.2**	**(3,986.3)**	**(182.7)**	**(104.8)**	**281.2**	**176.4**
Dividends paid	-	(3,663.2)	(896.6)	-	(4,559.8)	(43.7)	(4,603.5)
Comprehensive income (loss)	-	-	(626.0)	124.5	(501.5)	86.4	(415.1)
Share-based compensation	-	-	1.1	-	1.1	-	1.1
Disposal of interests with loss of control (a)	-	-	-	-	-	(298.8)	(298.8)
Other movements (b)	-	-	(75.3)	-	(75.3)	(5.7)	(81.1)
Position as of December 31, 2021	**401.0**	**-**	**(5,583.1)**	**(58.2)**	**(5,240.3)**	**19.3**	**(5,221.0)**
Dividends paid	-	-	-	-	-	(24.5)	(24.5)
Comprehensive income (loss)	-	-	218.2	35.8	254.0	30.7	284.7
Share-based compensation	-	-	(1.4)	-	(1.4)	-	(1.4)
Transactions with non-controlling interests	-	-	(33.8)	-	(33.8)	(0.6)	(34.4)
Other movements (c)	-	2.2	(19.8)	-	(17.7)	3.1	(14.6)
Position as of December 31, 2022	**401.0**	**2.2**	**(5,420.0)**	**(22.3)**	**(5,039.2)**	**28.0**	**(5,011.2)**

(a) Related to the disposal of Hivory (Refer to the Group's 2021 special purpose financial statements in Note 5.1 – *Hivory transaction with Cellnex).*
(b) Related mainly to additional participation taken by XpFibre Holding: €(64.5) million and the change in fair value of put/call option concerning Altice Customer Services (ACS): €(10.5) million.
(c) Related mainly to the change in fair value of put/call option concerning ACS: €(23.9) million.

Breakdown of changes in equity related to other comprehensive income	December 31,	December 31,	December 31,	*Change*	
(€m)	2020	2021	2022	*2021 vs 2020*	*2022 vs 2021*
Hedging instruments	(225.9)	(68.0)	(53.3)	*157.9*	*14.7*
Related taxes	58.3	17.6	13.8	*(40.8)*	*(3.8)*
Actuarial gains and losses	(25.0)	(17.9)	19.6	*7.1*	*37.5*
Related taxes	5.3	4.2	(5.1)	*(1.1)*	*(9.2)*
Foreign currency translation adjustments	(0.2)	2.3	(2.5)	*2.4*	*(4.7)*
Items related to associates	4.7	4.9	5.2	*0.2*	*0.3*
Total	**(182.7)**	**(56.9)**	**(22.2)**	***125.8***	***34.7***

The accompanying notes form an integral part of these combined financial statements.

Special purpose statement of cash flows **(€m)**	**December 31, 2022**	**December 31, 2021**
Net income (loss), Group share	**218.2**	**(626.0)**
Adjustments:		
Result attributable to non-controlling interests	31.9	85.1
Depreciation, amortisation, and provision	3,204.5	3,496.5
Share in net income (loss) of associates and joint ventures	135.9	239.4
Finance costs recognised in the statement of income	847.7	1,510.0
Income tax (benefit) expense recognised in the statement of income	352.7	(383.5)
Other non-cash items (a)	8.8	919.6
Income tax paid	(100.5)	(75.1)
Change in working capital	(125.5)	(124.0)
Net cash flow provided (used) by operating activities	**4,573.8**	**5,042.1**
Payments to acquire tangible and intangible assets and contract costs	(2,488.1)	(2,935.9)
Payments for acquisition of combined entities, net of cash acquired	(412.3)	(57.5)
(Net) payments to acquire or sell financial assets	(171.4)	(430.7)
Proceeds from disposal of tangible and intangible assets	4.8	7.7
Proceeds from disposal of combined entities, net of cash disposals (*)	68.6	2,636.2
Net cash flow provided (used) by investing activities	**(2,998.3)**	**(780.2)**
Dividends paid to owners of the company	-	(4,559.8)
Dividends paid to non-controlling interests	(24.2)	(43.7)
Dividends received	11.0	18.4
Issuance of debt	1,080.0	6,092.2
Repayment of debt	(1,097.6)	(5,528.2)
Restructuring of swap instruments (**)	611.4	5.9
Interest paid on debt	(1,042.6)	(1,075.8)
Lease payment (principal) related to ROU	(716.8)	(753.3)
Lease payment (interest) related to ROU	(377.8)	(158.0)
Other cash (used in)/provided by financing activities (b)	(107.5)	1,663.3
Net cash flow provided (used) by financing activities	**(1,664.2)**	**(4,339.0)**
Net increase (decrease) in cash and cash equivalents	**(88.7)**	**(77.0)**
Effects of exchange rate changes on the balance of cash held in foreign currencies	(10.3)	8.2
Cash and cash equivalents at beginning of period	**466.8**	**535.6**
Cash and cash equivalents at end of period	**367.8**	**466.8**

(*) Related to the disposal of Outremer Tower (Refer to Note 4.2 – *Outremer Tower transaction*) for the year ended December 31, 2022 and related to the disposal of Hivory for the year ended December 31, 2021.

(**) Refer to Note 24 – *Derivative instruments*.

Net gain/loss on disposals	(46.6)	1,065.7
Other	55.4	(146.1)
(a) Other non-cash items	**8.8**	**919.6**

Commercial paper	(137.9)	94.4
Reverse factoring	191.3	40.1
Securitisation	(7.2)	(17.2)
Bank overdrafts	(9.6)	13.8
Transaction with non-controlling interests	(16.3)	(17.4)
Redemption fees	-	(162.2)
Other interest paid	(56.5)	(105.1)
Loans to Altice Group affiliates and other	(71.3)	1,816.9
(b) Other cash (used in)/provided by financing activities	**(107.5)**	**1,663.3**

The accompanying notes form an integral part of these combined financial statements.

Notes to the annual combined financial statements

1.	**About Altice France Holding S.A. and the Group**	**7**
2.	**Accounting policies and methods**	**8**
3.	**Use of estimates and judgments**	**20**
4.	**Significant events of the period**	**21**
5.	**Change in scope**	**22**
6.	**Financial Key Performance Indicators ("KPIs")**	**22**
7.	**Staff costs and average number of employees**	**25**
8.	**Other operating expenses**	**25**
9.	**Financial income**	**25**
10.	**Taxation**	**26**
11.	**Goodwill and impairment of goodwill**	**27**
12.	**Other intangible assets**	**29**
13.	**Contract balances**	**30**
14.	**Property, plant and equipment**	**31**
15.	**Rights of use**	**32**
16.	**Investments in associates and joint ventures**	**33**
17.	**Other non-current assets**	**34**
18.	**Inventories**	**34**
19.	**Trade and other receivables**	**34**
20.	**Current financial assets**	**35**
21.	**Cash and cash equivalents**	**35**
22.	**Equity**	**35**
23.	**Financial liabilities**	**35**
24.	**Derivative instruments**	**40**
25.	**Obligations under leases**	**42**
26.	**Financial instruments**	**43**
27.	**Provisions**	**45**
28.	**Post-employment benefits**	**46**

29. Other non-current liabilities 47

30. Trade payables and other current liabilities 47

31. Related parties' transactions 47

32. Commitments and contractual obligations 49

33. Litigation 53

34. List of combined entities 57

35. Subsequent events 59

36. Auditors fees 59

1. About Altice France Holding S.A. and the Group

Altice France Holding S.A. (hereinafter "the Company") is a limited liability corporation (*société anonyme*) incorporated in the Grand Duchy of Luxembourg with headquarters in Luxembourg. The Company is the parent company of a consolidated group (the "Group"). It is one of the largest companies operating in the telecommunications and media space and is thereby part of a larger group with a common activity (the "Altice Group").

The Company is controlled by Altice Luxembourg S.A. ("Altice Luxembourg"). The ultimate controlling shareholder of Altice Luxembourg is Next Alt S.à r.l. ("Next Alt"), which is itself controlled by Mr. Patrick Drahi.

As of December 31, 2022, the Company holds 100% of the capital of Altice France S.A. ("Altice France") minus one share held by Altice Luxembourg.

The Group's activities cover the French telecommunication market including technical and customers services (Altice Technical Services France ("ATSF") and Altice Customer Services ("ACS")) and the French audiovisual market. Hence, the Group has major positions in all segments of the French B2C, B2B, local authorities and wholesale telecommunications market; it has also a Media division composed of NextRadioTV and its subsidiaries, which covers the Group's audiovisual activities in France (RMC Sport, BFM TV, BFM Business, BFM Paris, RMC and RMC Découverte amongst others).

1.1. Basis of preparation of financial information

These special purpose financial statements have been prepared for the purpose of financial reporting as required under the debt covenants relating to the senior secured notes and term loans issued by Altice France and the senior notes issued by the Company. In the absence of a specific IFRS text dealing with special purpose financial statements, the Group defined the principles and conventions presented hereunder.

They have been drawn up based on the accounting data of the Company, Altice France and their subsidiaries.

For a better reading of the financial report, the terms "combined" and "combination" will be used instead of "special purpose".

These combined financial statements of the Group as of December 31, 2022, and for the twelve-month period then ended, are presented in millions of Euros, except as otherwise stated.

These combined financial statements were approved by the Board of Directors of the Company at its meeting on March 2, 2023.

Combination scope

The scope of the combined financial statements thus excludes legal entities that have been declared as 'unrestricted subsidiaries', notably SportsCoTV S.A.S, the company that houses the Altice TV activity as well as Altice Finco France S.A.S. ("Altice Finco France"), a financing company of the Group absorbed in June 2022. As a result, the combined financial statements prepared hereafter are not fully compliant with the requirements of IFRS 10 – *Consolidated Financial Statements*.

The legal entities excluded from the scope of the combined financial statements are presented in the Statement of Financial Position in the caption "Financial assets" and the shares are measured at cost, less any impairment loss. Dividend received is recorded in "Net Finance Cost" in the Income Statement and capital contribution is recorded as an increase of the shares.

The scope is presented in Note 34 – *List of combined entities*.

1.2. New standards and interpretations

1.2.1. Standards and interpretations applied from January 1, 2022

The following standards have mandatory application for periods beginning on or after January 1, 2022:

- Annual Improvements to IFRS Standards 2018-2020, effective on or after January 1, 2022, and
- Reference to the Conceptual Framework (Amendments to IFRS 3 – *Business Combinations*), effective on or after January 1, 2022.

The application of the Annual Improvements to IFRS Standards 2018-2020 and the Reference to the Conceptual Framework (Amendments to IFRS 3) had no material impact on the amounts recognised and on the disclosures in these combined financial statements.

1.2.2. Standards and interpretations not yet applied

The Group has not early adopted the following standards and interpretations, for which application is not mandatory for periods starting from January 1, 2022, and that may impact the amounts reported:

- Amendments to IAS 1 and IFRS Practice Statement 2 titled *Disclosure of Accounting Policies,* effective on or after January 1, 2023,

- Amendments to IAS 8 (*Accounting Policies, Changes in Accounting Estimates and Errors) – Definition of Accounting Estimates*, effective on or after January 1, 2023,
- Amendments to IAS 12 *(Income Tax) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, effective for annual periods beginning on or after January 1, 2023,
- Amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 – *Presentation of Financial Statements*), effective on or after January 1, 2024,
- Non-current Liabilities with Covenants (Amendments to IAS 1) effective on or after January 1, 2024,
- Amendments to IFRS16 *(Leases) – Lease liability in a Sale and Leaseback*, effective on or after January 1,2024, and
- Amendments to the standards IFRS 10 – *Consolidated Financial Statements* and IAS 28 (*Investments in Associates and Joint Ventures*) *– Sale or contribution of assets between an investor and its associate or joint venture*, effective date of the amendments has not yet been determined by the IASB.

The Board of Directors anticipates that the application of those amendments will not have a material impact on the amounts recognised in these combined financial statements.

1.3. COVID 19 pandemic

The COVID-19 pandemic had a limited impact on the combined financial statements of the Group as of December 31, 2022 and for the twelve-month period then ended. The impact has remained limited since the beginning of the crisis demonstrating the resilience of the Group's telecom business. Although the situation continues to evolve, the Company expects that the COVID-19 pandemic will have limited effects on the Group's operations and financial performance for future periods.

1.4. Macroeconomic and geopolitical context

The evolution of the situation Ukraine is uncertain and is closely followed by the Group with respect to potential indirect consequences on the financial markets. The Group has no direct interests in Ukraine or Russia and the areas of conflict. As a result, the Group estimates that the situation in Ukraine will have limited effect on its operations and financial performance for future periods.

Some of the main factors which contributed to financial markets volatility in recent months include, but are not limited to, inflationary pressures, the increase of interest rates, the military conflict between Russia and Ukraine and the impacts of COVID-19. In this economic and geopolitical context, the Group is not able to reliably estimate the future indirect impacts on its operations and financial performance for future periods as well as the refinancing conditions in the future. As evidenced by the recent refinancing completed in February 2023 (refer to Note 35 – *Subsequent events*), despite the current macroeconomic environment, the Group still has efficient access to capital markets. The Group is monitoring the current situation and its developments carefully.

2. Accounting policies and methods

2.1. Combination methods

The list of entities included in the scope of combination is presented in Note 34 – *List of combined entities.*

Subsidiaries

Entities are fully combined if the Group has all the following:

- Power over the investee,
- Exposure or rights to variable returns from its involvement with the investee, and
- Ability to use its power to affect its returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. If the Group does not have a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders,
- Potential voting rights held by the Group, other vote holders or other parties,
- Rights arising from other contractual arrangements, and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the combined statements of income and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup transactions, balances, income, and expenses are eliminated in full on combination.

Joint Arrangements

IFRS 11 – *Joint arrangements* provides financial reporting guidelines for entities that hold interests in joint arrangements. In a joint arrangement, the parties are bound by a contractual arrangement that gives them joint control of the company. The entity that is party to a joint arrangement must therefore determine if the contractual arrangement gives all the parties, or a group of some of them, joint control over the company. The existence of joint control is then assessed for decisions about the relevant activities that require the unanimous consent of the parties that jointly control the company.

Joint arrangements are classified into two categories:

- Joint undertakings (or joint operations); these are arrangements in which the parties that have joint control over the company have direct rights to its assets and obligations for its liabilities. The parties are called the "joint investors". The joint investor recognises 100% of the joint operation's assets/liabilities/expenses/income that it owns itself and the share of the items that it owns jointly. These arrangements involve joint investment agreements signed by the Group.
- Joint ventures: these are partnerships in which the parties that have joint control over the company have rights to its net assets. The parties are called the "co-owners". Each co-owner recognises its rights to the net assets of the entity using the equity method (see paragraph below).

In addition, the Group adopted the following accounting policies:

- The margin realised on intercompany transactions between the Group and its joint ventures or associates (sales of assets from the Group to its joint ventures or associates) are eliminated in the income statement up to the Group's share in its joint ventures or associates based on the provision of IAS 28 – *Investments in associates and joint ventures*.
- In the absence of precise IFRS guidance related to the presentation of the margin elimination in the income statement, the Group has elected to eliminate the margin in the caption "Share of earnings of associates" in the combined statement of income in counterpart of the caption "Investment in associates and joint ventures" in the statement of financial position. The margin elimination on these transactions is reversed over the useful life of the assets in the same captions.

Associates

Investments, over which the Group exercises significant influence, but not control, are accounted for under the equity method. Such investees are referred to as "associates" throughout these Combined Financial Statements.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. Associates are initially recognised at cost at acquisition date. The combined financial statements include the Group's share of income and expenses, from the date significant influence commences until the date that significant influence ceases.

The interest income and expenses recorded in the combined financial statements of the Group on loans with associates have not been eliminated in the combined statement of income.

2.2. Foreign currency translation

The combined financial statements are presented in euros, the functional currency of a vast majority of Group companies and of the parent company. All financial data are rounded to the nearest million euros.

Foreign currency transactions are initially recorded in the functional currency at the exchange rate prevailing at the date of the transaction. At the closing date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing on that date. All foreign currency differences are recognised in profit or loss for the period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of initial transaction. All foreign currency differences are recognised in profit or loss.

2.3. Revenue

Revenue recognition

Revenue from the Group's activities mainly consists of services (telephone packages, TV subscriptions, high-speed Internet, telephony, and installation services), equipment sales and telecommunications network leases.

Revenue also includes revenue from Media's activities, mainly the advertising revenue.

Revenue corresponds to the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating intragroup sales between entities included in the scope of combination.

In accordance with IFRS 15, the revenue recognition model includes five steps for analysing transactions to determine when to recognise revenue and at what amount:

- Identifying the contract with the customer,
- Identifying separate performance obligations in the contract,
- Determining the transaction price,
- Allocating the transaction price to separate performance obligations,
- Recognising revenue when the performance obligations are satisfied.

For bundled packages, the Group accounts for individual products and services separately if there are distinct – i.e., if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the market prices at which the Group sells the mobile devices and telecommunications services.

This leads to the recognition of a contract asset – a receivable arising from the customer contract that has not yet legally come into existence – in the statement of financial position. The contract asset is recognised over the enforceable period. Enforceable period has been determined for each company. It represents the period over which rights and obligation are enforceable. This period is determined not only by the commitment period as stated in the contract but also by business practices and contracts mechanisms (early renewal, exit options, penalties, and other clauses).

Revenues from Mobile devices

The Group recognises revenues when a customer takes possession of the device. This usually occurs when the customer signs a new contract. The amount of revenue includes the sale of mobile devices and ancillary equipment for those devices. For mobile devices sold separately, customers pay in full at the point of sale or in several instalments (credit agreement). For mobile devices sold in bundled packages, customer usually pay monthly in equal instalments over the contractual period.

Revenue from services

Proceeds from subscriptions (Internet access, basic cable service, digital pay TV) and telephone payment plans (fixed or mobile) are recognised on a straight-line basis over the duration of the relevant service.

The Group sells some telephone payment plans that allow the unused call minutes for a given month to be rolled over to the following month. Roll-over minutes are recognised for the share of revenue they represent in the telephone subscription at the time they are used or when they expire. Revenue on incoming and outgoing calls as well as on calls made outside plans is recognised when the service is rendered.

Revenue generated by the coupons sold to distributors and prepaid Mobile cards is recognised as and when the end customer uses them, starting when such coupons and cards are activated. The unused balance is recorded in deferred income at the closing date. The proceeds in any event are recognised on the date of the card's expiration or when use of the coupon is statistically improbable.

Sales of subscription services managed by the Group on behalf of content providers (mainly special numbers and SMS+) are recognised gross, or net of payments made to content providers based on the analysis of each transaction. Accordingly, revenue is recognised net when suppliers are responsible for the content delivered to end customers and for setting the subscription rates.

Connection and installation fees billed mainly to operators and business customers during the implementation of services such as ADSL connection, bandwidth capacity or IP connectivity are recognised over the estimated duration of the customer relationship and of the main service supplied, based on statistical data.

Installation and set-up services (including connection) for residential customers are recognised as revenue when the service is rendered.

Revenue related to switched services is recognised as and when traffic is routed.

Revenue from services for bandwidth capacity, IP connectivity, local high-speed access and telecommunications is recognised as and when the services are rendered to customers.

Installation revenue

Installation service revenue is deferred and recognised over the benefit period. For B2B customers, the benefit period is the contract term, which is defined and agreed for two years or more. For B2C customers, there is no commitment period and installation costs are recognised over the estimated benefit period.

Agent versus principal

The Group determines whether it is acting as a principal or as an agent. The Group is acting as a principal if it controls a promised good or service before they are transferred to a customer.

Indicators for acting as a principal include: (i) the Group is primarily responsible for fulfilling the promise to provide the specified good or service, (ii) the Group has inventory risk in the specified good or service and (iii) the Group has discretion in establishing the price for the specified good or service.

On the other hand, the Group is acting as an agent or an intermediary, if these criteria are not met. When the Group is acting as an agent, revenue is presented on a net basis in the statement of income. When the Group is acting as principal, revenue is presented on a gross basis.

Access to telecommunications infrastructure

The Group provides access to its telecommunication infrastructure to its wholesale customers through various types of contracts: leases, hosting contracts or the granting of indefeasible rights of use (or "IRUs"). IRU agreements grant the use of property (cables, fibre optics or bandwidth) over a defined, usually long duration, with the Group retaining ownership. Revenue from lease agreements, hosting contracts in Netcenters and infrastructure IRUs is recognised over the term of the contract, except when they qualify as finance leases; in this case, the equipment is accounted for as sales on credit. In the case of IRUs and sometimes leases or service contracts, the service is paid in advance for the first year. These non-refundable prepayments are recorded as deferred income and amortised over the expected life of the contract.

Infrastructure sales

The Group builds infrastructure for some of its customers. Revenue related to infrastructure sales is recognised upon the transfer of ownership. When it is estimated that a contract will be unprofitable, a provision for onerous contract is booked.

Media

The Group produces news on five themes (general information, sports, economy, high-tech and discovery) via mainly three types of media: radio, television and digital.
This income essentially represents advertising revenue and other related services. Advertising revenue is recognised as income when the advertising has effectively been broadcasted. Royalties and subsidies are recognised as they are acquired in accordance with the terms of the underlying agreement.

2.4. Financial income and expenses

Financial income and expenses primarily comprise:

Interest charges and other expenses paid for financing operations recognised at amortised cost,

- Changes in the fair value of interest rate derivative instruments,
- Ineffective portion of hedges that qualify for hedge accounting,
- Foreign exchange gains and losses on monetary transactions,
- Interest income related to cash and cash equivalents,
- Gains/losses on extinguishment of financial liability.

Investment securities and investment securities pledged as collateral are classified as trading securities and are stated at fair value with realised and unrealised holding gains and losses included in net financial result.

2.5. Current and deferred tax

Income tax expense comprises current, deferred tax and the contribution of added value of businesses. Current tax is the tax payable on the taxable income for the year, estimated using tax rates enacted or substantively enacted at the reporting date, at the contribution of added value of businesses and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences on the closing date between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not

recognised for the following temporary differences: (i) the initial recognition of goodwill, (ii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and (iii) investments in subsidiaries, joint ventures and associates when the Group is able to control the timing of the reversal of the temporary differences and when it is probable that these temporary differences will not be reversed in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, in accordance with the rules in effect at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and if they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities when the taxable entity intends to settle current tax liabilities and assets on a net basis or when tax assets and liabilities are to be realised simultaneously.

Deferred taxes are reviewed at each reporting date to consider changes in tax legislation and the possibility of recovering deductible temporary differences and tax losses. A deferred tax asset is recognised when it is probable that future taxable profits against which the temporary difference can be utilized will be available.

Uncertain tax positions

The Group determines the accounting tax position when there is uncertainty over income tax treatments based on the provisions of IFRIC 23 – *Uncertainty over Income tax.* Based on the Interpretation, the Group determines whether uncertain tax positions are assessed separately or as a group and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

- If yes, the Group determines its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
- If no, the Group reflects the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

2.6. Investment grants

Investment grants received are deducted from the gross carrying amount of property, plant, and equipment to which they relate. They are recognised in the income statement as a reduction in the depreciation charge over the useful life of the related assets.

2.7. Site restoration

The Group has a contractual obligation to restore the network sites (both mobile and fixed) at the end of the lease, should the latter not be renewed. Due to this obligation, the capitalisation of the costs of restoring the sites is calculated based on:

- An average unit cost of site remediation,
- Assumptions about the life of the dismantling assets, and
- A discount rate.

2.8. Goodwill and business combinations

Business combinations are accounted for using the acquisition method. The assets and liabilities of the acquired business are recognised at their fair value at the acquisition date.

The consideration transferred corresponds to the fair value, at the acquisition date, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The goodwill arising from a business combination is equal to the difference between:

- The sum of the consideration paid, the value of any non-controlling interest that remains outstanding after the business combination and, where applicable, the acquisition date fair value of the acquirer's previously held equity interest in the target, and
- The net amount of the identifiable assets acquired, and liabilities assumed at the acquisition date.

Goodwill is recognised in assets in the combined statement of financial position. When the difference is negative, it is directly recognised through profit or loss.

The secondary costs directly attributable to an acquisition giving control are recorded in expenses in the period during which the costs are incurred, except for the borrowing costs, which must be recorded in accordance with IAS 32 – *Financial Instruments*: *Presentation* and IFRS 9 – *Financial Instruments.*

When goodwill is determined provisionally at the end of the period in which the combination is completed, any adjustments to the provisional values within twelve months of the acquisition date are recognised in goodwill.

Changes in the Group's share of ownership of equity securities in a subsidiary which do not lead to a loss of control over the latter are recognised as shareholders' equity transactions.

Goodwill resulting from the acquisition of associates and joint ventures is included in the carrying amount of the investment.

Goodwill is not amortised but is subject to impairment testing whenever there is any indication that an asset may be impaired, and at least once a year in accordance with the methods and assumptions described in Note 11 – *Goodwill and impairment of goodwill*.

After initial recognition, goodwill is recorded at cost less accumulated impairment losses.

Specific case of business combination under common control

Business combination under common control are combinations in which all of the combination (entities or businesses) are controlled by one party (or several), i) during a long period before and after the combination, ii) this control as defined in IFRS 10 is not temporary.

These combinations are excluded from IFRS 3 scope. These operations in the combined financial statements are prepared on historical cost basis. No new goodwill is generated and the difference between the acquisition price and the historical carrying value related to assets and liabilities of the acquired entity is recognised in equity.

2.9. Intangible assets

Intangible assets acquired

Intangible assets acquired separately are recognised at historical cost less accumulated amortisation and any accumulated depreciations.

Cost comprises all directly attributable costs necessary to buy, create, produce, and prepare the asset for use. Intangible assets consist mainly of operating licenses, IRUs, patents, purchased software, and internally developed applications.

They have also included the customer acquisition costs for packages with commitments.

Licenses to operate telephone services in France are recognised for the fixed amount paid for the acquisition of the license. The variable portion of license fees, which amounts to 1% of the revenue generated by these activities, cannot be reliably determined and is therefore expensed in the period in which it is incurred.

- The Universal Mobile Telecommunications System (UMTS) license is recognised at historical cost and amortised on a straight-line basis from the service activation in June 2004 to the end of the license period (August 2021), corresponding to its expected useful life.
- The Global System for Mobile Communications (GSM) license, renewed in March 2006, is recognised at the present value of 4% of the fixed annual fee of €25 million, and amortised on a straight-line basis from that date until the end of the license period (March 2021), corresponding to its expected useful life. This license has been renewed in March 2021 for a period of ten years.
- The Long-Term Evolution (LTE) license is recognised at historical cost and is amortised on a straight-line basis from the service activation date until the end of the license period. The 2.6 GHz band license acquired in October 2011 is amortised as of the end of November 2012 (end of license: October 2031). The 800 MHz band license acquired in January 2012, was activated on June 3, 2013 and is being amortised over a remaining duration of eighteen years (end of license: January 2032). SFR acquired a new license for the 700 MHz band in December 2015 (end of license: December 2035). This license was activated on January 25, 2019 and is being amortised over a remaining duration of sixteen years.
- The 5G license is recognised at historical cost and is amortised on a straight-line basis from the service activation date until the end of the license period. The 3.4 and 3.8 GHz band license acquired in October 2020 was activated on November 24, 2020 and is being amortised over a duration of fifteen years.

IRUs correspond to the right to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognised as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibre or dedicated wavelength bandwidth, and the duration of the right is for the majority of the underlying asset's useful life. They are amortised over the shorter of the expected period of use and the life of the contract between three and thirty years.

Patents are amortised on a straight-line basis over the expected period of use (generally not exceeding ten years).

Software is amortised on a straight-line basis over its expected useful life (which generally does not exceed three years).

Internally developed intangible assets

The acquisition cost of an intangible asset developed internally corresponds to the personnel costs incurred when the intangible asset meets the criteria for IAS 38. An intangible asset that results from the development of an internal project is recorded if the Group can demonstrate that all the following conditions have been met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale,
- Its intention of completing the intangible asset and using or sell it,
- Its ability to use or sell the intangible asset,
- The capacity of the intangible asset to generate probable future economic benefits,

- Among other things, the Group may demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, its usefulness,
- The availability of adequate technical, financial, and other resources to complete the development, and to use or sell the intangible asset,
- Its ability to reliably measure the expenditures attributable to the intangible asset during its development.

Capitalisation of costs ceases when the project is finalised, and the asset is available for use.

The cost of an internally developed intangible asset arising from the development phase of an internal IT project is amortised on a straight-line basis over its expected useful life (which is generally not greater than three years).

Intangible assets recognised in a business combination

During business combinations, intangible assets were recognised and measured at their fair value at the "acquisition date" according to IFRS 3:

- Customer bases: bases are amortised over their useful life from five to nine years.
- Telecom brands: SFR brand, main brand, initially amortised over fifteen years, is amortised from the beginning of 2021 over a residual life of ten years (Refer to Note 12 – *Other intangible assets*).
- Broadcasting rights: they are amortised over a life from three to ten years, depending on programs.

Investments made under public service concessions or delegations

Investments made as part of public service concessions or delegations and related to the roll-out of the telecommunications network are recognised as intangible assets in accordance with IFRIC 12 – *Service concession arrangements*.

The "intangible model" provided by this interpretation applies when the operator receives a right to charge users of the public service and is substantially paid by the user. Intangible assets are amortised over the shorter of the estimated useful life of the relevant asset categories and the duration of the concession.

2.10. Contracts costs

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Commissions to third parties and sales incentives to internal employees are considered as costs to obtain a contract and are recognised under the combined statement of financial position caption "Contract costs".

Assets recognised as contract costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The asset may relate to goods or services to be transferred under a specific anticipated contract. The amortisation charge is recognised in the income statement caption "Depreciation, amortisation and impairment".

As a practical expedient, the Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less.

2.11. Property, plant, and equipment

Property, plant, and equipment are measured at historical cost less cumulative amortisations and depreciations.

Historical cost includes the acquisition cost or the production cost, the costs directly attributable to using the asset on the site and to its conditions of operation, and the estimated costs of dismantling and removing the asset and remediating the site where it is installed, in line with the obligation incurred. In addition, borrowing costs attributable to qualifying assets whose construction period is longer than one year are capitalised as part of the cost of that asset. Conversely, subsequent maintenance costs (repairs and maintenance) of the asset are recognised in profit or loss. Other subsequent expenditures that increase productivity or the life of the asset are recorded as assets.

Material components of property, plant, and equipment whose useful lives are different are recognised and depreciated separately.

Property, plant, and equipment mainly comprise network equipment.

The main useful lives are as follows:

Technical buildings and constructions	15 to 25 years
Network equipment:	
Optical cables	30 to 40 years
Engineering facilities, pylons	20 to 40 years
Other equipment	4 to 15 years
Set-top box and access fees	3 to 5 years
Furniture and fixtures	5 to 10 years
Miscellaneous equipment	2 to 5 years

Estimated useful lives are reviewed regularly and any changes in estimates are recorded prospectively.

Materials and telecommunications equipment are investments that are strongly subject to technological changes: write-offs or impairments with prospective revision of the amortisation period may be recognised if the Group has to prematurely write off certain technical equipment or if it is forced to revise the projected useful life of certain categories of equipment.

Gains or losses on disposal of property, plant and equipment are the difference between the profit from the disposal and the carrying amount of the asset and are recognised in the caption "Other expenses and income" of the combined statement of income.

FTTH (Fibre To The Home) deployment

Decision No. 2009-1106 of *Autorité de Régulation des Communications Électroniques et des Postes* (Regulatory Authority on Electronic Communications and Postal Services (ARCEP) dated December 22, 2009 regulates the use of fibre optics in very densely populated areas by establishing joint investment rules between phone operators.

The reference offers issued by the operators in accordance with this decision are dealt with in IFRS by the application of IFRS 11. Thus, when the Group is an *ab initio* joint investor, only its share of the assets is recorded in property, plant and equipment, and when the Group is an *a posteriori* investor, the IRU or the usage right is recognised in property, plant and equipment. The same treatment applies for joint investment in moderately dense areas defined by ARCEP.

2.12. Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated amortisations and depreciations, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to annual impairment tests.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease the assets for additional terms. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group included the renewal period as part of the lease term for leases of technical sites due to the significance of these assets to its operations.

The recognition and measurement requirements for lessee are also applied to short-term leases and leases of low-value assets.

Sale and lease back

When the Group carries out a transaction qualified as a sale and leaseback in accordance with IFRS 16, a right of use asset is recognised in proportion to the previous carrying value of the asset corresponding to the right of use asset retained as counterparty to a lease liability. A gain (or loss) on disposal of the assets is recognised in the income statement in proportion to the rights transferred to the buyer-lessor. The adjustment of the gain (or loss) of the transaction recognised in the income statement for the share on which the Group retains its user rights via the lease relates to the difference between the right of use asset and the lease liability recognised in the balance sheet.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental of ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortised on a straight-line basis over the term of the lease.

2.13. Impairment of assets

Whenever events or changes in the economic environment indicate a risk of impairment of goodwill, of other intangible assets or property, plant and equipment, the Group re-examines the value of these assets. Besides, the residual life of customer bases and amortisable brands is analysed whenever there is any indication that an asset may be impaired. In addition, goodwill, other intangible assets with indefinite useful lives and intangible assets in progress undergo an annual impairment test.

Impairment tests are performed in order to compare the recoverable amount of an asset or a Cash Generating Unit (“CGU”) with its carrying amount.

An asset’s or CGU’s net recoverable amount is the greater of its fair value less costs to sell or its value in use. The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those derived from other assets or groups of assets. In that case, the recoverable amount is determined for the CGU to which the asset belongs.

A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Given the change in the Group and the significant pooling of assets and services within the Group, a single CGU is defined at the Group level. For the purposes of goodwill impairment testing, in conformity with IAS 36 – *Impairment of Assets*, goodwill is allocated as a value to each operating segment (Refer to Note 11.1 – *Goodwill*) and shared assets and liabilities are allocated through distribution keys to each of the operating segments (Refer to Note 11.2 – *Impairment of goodwill).* The principal allocation keys used to allocate shared assets and liabilities are based on revenues, use of the network or the information systems.

The value in use of each asset or group of assets is determined as the present value of future cash flows (discounted cash flow method or “DCF”) by using a discount rate after tax specific to each asset or group of assets concerned.

The fair value less costs to sell is the amount obtainable on the measurement date from the sale of the asset or group of assets in an ordinary transaction between market participants, less costs to sell.

When the carrying amount of an asset exceeds its net recoverable amount, an impairment loss is recognised in the “Depreciation, amortisation and impairment” caption of the combined statement of income. Only impairment losses recognised on assets other than goodwill such as depreciable intangible assets, intangible assets with indefinite useful lives and property, plant and equipment may be reversed.

2.14. Financial assets

The standard IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting regarding financial instruments.

IFRS 9 allows two methods for measurement:

- Amortised cost: this is the original amount minus principal repayments, cumulative amortisation and impairment. The amortised cost must be determined by using the effective interest rate method.
- Fair value: this is the amount for which an asset could be exchanged, or a liability paid, between two willing parties, in an arm's length transaction.

Classification and measurement

Except for certain trade receivables, under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI).

The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion").

The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and other receivables, and loans included under combined statement of financial position caption "Financial assets" (non-current and current portion).
- Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition. The Group has no instrument in this new category.

Other financial assets are classified and subsequently measured, as follows:

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its quoted and unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9.
- Financial assets at FVPL comprise derivative instruments. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The assessment of the Group's business models was made as of the date of initial application, January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model.

Impairment

IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at the asset's original effective interest rate.

For contract assets and trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.15. Inventories

Inventories primarily consist of mobile devices, set-top boxes, and technical equipment. They are valued at their acquisition cost or at their net recoverable amount if it is lower. The acquisition cost is calculated according to the weighted average cost. It includes the cost of acquiring the materials.

Net recoverable amount is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

The Group estimates the age and the condition of inventories and books provisions if necessary.

2.16. Cash and cash equivalents

The “Cash and cash equivalents” heading includes bank balances, money-market UCITS which meet the specifications of AMF Position n°2011-16, and very liquid short-term investments, which have an original maturity date that is less than or equal to three months, which can be easily converted to a known cash amount and are subject to a negligible risk of change in value.

Investment securities are measured at their fair value through profit or loss.

2.17. Assets held for sale and discontinued operations

In accordance with IFRS 5 – *Non-current assets held for sale and discontinued operations*, the Group qualifies an asset (or a group of assets) held for sale when:

- The asset is available for immediate sale in its current estate, subject to any conditions that are usual in such disposals of assets.
- The sale is highly probable.
- Its carrying amount may be recovered principally through its disposal and not by its continued utilisation.

When all conditions of qualifications have been met the Group reclassifies the assets held for sale in a separate caption in the combined statement of financial position without offsetting liabilities related to assets held for sale, those are presented in a separate caption from other liabilities in the combined statement of financial position.

In addition, if the asset or the group of assets for sale is significant, its contribution is presented:

- In the combined statement of income in a separate caption under the net income from continuing information,
- In the combined statement of cash flows in a separate caption in the net cash flow provided (used) by operating activities, investing activities, and financing activities.

2.18. Financial liabilities and equity instruments

Financial liabilities restructuring

Based on the IFRS 9, the Group removes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the contractual arrangement.

Equity instruments

An equity instrument is any contract resulting in a residual interest in the assets of an entity after deducting all its liabilities. The equity instruments issued by the Group are recorded for the proceeds received, net of direct issuance costs.

Financial liabilities

Financial liabilities other than derivatives mainly include bonds and term loans taken out in connection with the acquisition of SFR, liabilities related to finance and operating leases, guarantee deposits received from customers, advances received and bank overdrafts.

They are measured at amortised cost, using the effective interest method, in conformity with IFRS 9. The effective interest rate corresponds to the internal interest rate used to precisely update future cash flows throughout the term of the financial liability. Fees, debt issuance and transaction costs are included in the calculation of the effective interest rate over the expected life of the instrument. Accrued interest is included in the “Current liabilities” caption of the statement of financial position.

2.19. Derivative instruments

The Group uses various derivative instruments to hedge its exposure to foreign exchange rate fluctuations.

Derivatives are initially recognised at fair value on the date of execution of a derivative contract and are subsequently revalued at their fair value on each closing date.

Hedge accounting is applicable if:

- The hedging relationship is clearly defined and documented at the date of establishment.
- The effectiveness of the hedging relationship is demonstrated at its inception and in subsequent periods: i.e., if at the beginning of the hedge and throughout its duration, the Group expects that the changes in fair value of the hedged item will be almost fully offset by changes in the fair value of the hedging instrument, and if actual results are within a range between 80% and 125%.

There are three types of hedge accounting:

- The fair value hedge is a hedge against exposure to changes in the fair value of a recognised asset or liability, which are attributable to a rate and/or currency risk and which would affect the result. The hedged portion of these items is remeasured at fair value in the statement of financial position. The change in fair value is recognised in the income statement where it is offset within the limits of the effectiveness of the hedge by symmetrical changes in the fair value of hedging instruments.
- The cash flow hedge is a hedge of the exposure to cash flow fluctuations attributable to interest rate risk and/or changes associated with a recognised asset or liability or a highly probable forecast transaction (e.g., an expected sale or purchase) and could affect profit. The hedged item is not recorded in the statement of financial position; thus, the effective portion of the change in fair value of the hedging instrument is recognised in other comprehensive income. It is reclassified in profit or loss when the hedged item affects profit or is reclassified in the initial cost of the hedged item where it concerns covering acquisition cost of a non-financial asset.
- The net investment hedge is a hedge against exposure to changes in value attributable to the foreign currency risk of a net investment in a foreign operation that could affect profit when the investment is sold. The effective portion of net investment hedges is recognised through other comprehensive income and reclassified in profit or loss when the net investment is sold.

The cessation of hedge accounting may result from the elimination of the hedged item, voluntary termination of the hedging relationship, or the cancellation or maturity of the hedging instrument. The accounting consequences are as follows:

- For fair value hedges: the fair value adjustment of debt at the date of cessation of the hedging relationship is amortised based on a recalculated effective interest rate on that date.
- For cash flow hedges: the amounts recorded in other comprehensive income are reclassified into profit or loss when the hedged item is eliminated. In other cases, they are taken straight to profit or loss over the remaining term of the hedging relationship as originally defined.

In both cases, the subsequent changes in value of the hedging instrument are recognised in profit or loss.

2.20. Provisions

Under IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets,* provisions are booked when, at the end of the reporting period, the Group has a legal, regulatory, contractual or implicit obligation resulting from past events and it is probable that an outflow of resources generating economic benefits will be required to meet the obligation and that the amount can be reliably estimated.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money, taking into account the risks attached to the liability as appropriate. If a reliable estimate of the amount of the obligation cannot be made, no provision is recognised, and a disclosure is made in the notes.

Provisions mainly include:

- Provisions to cover litigation and disputes concerning the Group's activities. Their amounts are estimated based on a case-by-case risk assessment. Events occurring during proceedings may lead at any time to a reassessment of such estimates.
- Provisions for restructuring, which are booked once the restructuring has been announced and a plan has been detailed or launched. Such provisions are generally not discounted due to their short-term nature.
- Provisions for site remediation, which are assessed based on the number of sites involved, an average unit cost of site remediation and assumptions about the life of the decommissioning asset and the discount rate. When a site is decommissioned, the corresponding provision is reversed.
- Provisions for employee benefits are detailed in the following section.

2.21. Employee benefits

The Group provides employee benefits through contributions to defined-contribution plans and defined-benefit plans. The Group recognises pension costs related to defined-contribution plans as they are incurred under personnel expenses in the combined statement of income.

Estimates of the Group's pension and end-of-service benefit obligations are calculated annually, in accordance with the provisions of revised IAS 19 – *Employee Benefits*, with the assistance of independent actuaries, using the projected unit credit method and considering actuarial assumptions including the probable turnover of beneficiaries, salary increases, projected life expectancy, the probable future length of employees' service and an appropriate discount rate updated annually.

The Group recognises the corresponding net expense over an estimated period of service of the employees which depends on the length of service and is capped above a certain length of service, while being subject to the presence of the beneficiary at the date of retirement (IFRS IC decision in May 2021). The actuarial gains and losses on post-employment benefits are recognised in their entirety as "Other items of comprehensive income" in the period in which they occur. The cost of the plans is recognised through operating income, except for the accretion cost, which is recognised as other financial expenses and income. The cost of past services generated by plan changes and reductions is recognised immediately in the combined statement of income.

2.22. Borrowing costs

Under IAS 23 – *Borrowing Costs,* a qualifying asset is an asset that takes a substantial period before it can be used or sold. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. The Group notes that it does not take a substantial amount of time to get assets ready for their intended use because of the incremental roll-out of the network. The application of IAS 23 consequently has no impact on the Group's combined financial statements.

3. Use of estimates and judgments

The preparation of these combined financial statements in accordance with IFRS requires the Group to make a certain number of estimates and assumptions that are realistic and reasonable. Thus, the application of accounting principles in the preparation of the combined financial statements described in this note implies decisions based on judgment, estimates and assumptions that have an influence on the amounts of the assets and liabilities and on income and expenses as well.

Such estimates are prepared based on the going concern assumption, established using currently available information and in view of the current economic environment. In the current economic environment, changes in facts and circumstances may result in revised estimates or assumptions, which could affect the combined statement of financial position, the combined statement of income and the combined statement of cash flows of the Group.

Significant estimates and assumptions relate to the measurement of the following items:

- *Provisions*: assessment of the risk on a case-by-case basis; it is stipulated that the occurrence of events during a proceeding period may at any time trigger a reassessment of the risk (Refer to Note 27 – *Provisions* and Note 33 – *Litigation*).
- *Employee benefits:* assumptions updated annually, such as the probability of personnel remaining with the Group until retirement, the projected change in future compensation, the discount rate and the mortality table (Refer to Note 28 – *Post-employment benefits).*
- *Revenue:* identification of the separable elements of a packaged offer and allocation on the basis of the relative fair values of each element; the period of deferred revenue related to costs to access the service on the basis of the type of product and the term of the contract; presentation as net or gross revenue depending on whether the Group is acting as agent or principal (Refer to Note 6 – *Financial Key Performance Indicators "KPIs").*
- *Fair value of financial instruments Level 1, Level 2, and Level 3:* Fair value is determined by reference to the market price at the end of the period, when the data is available. For financial instruments for which there is no active market such as interest rate swaps (which the Group currently may use to hedge its interest rate risk), call options and put options granted to non-controlling interests, fair value is estimated based on models that rely on observable market data or using various valuation techniques, such as discounted future cash flows (Refer to Note 26 – *Financial instruments*).
- *Deferred taxes*: estimates for the recognition of deferred tax assets updated annually such as the future tax results of the Group or the likely changes in active and passive temporary differences (Refer to Note 10 – *Income tax expense).*
- *Impairment tests*: these tests concern goodwill and intangible assets with an indefinite life span; in the context of impairment tests, the assumptions related to the determination of Cash Generating Units (CGU), future cash flows and discount rates are updated annually (Refer to Note 11 – *Goodwill and impairment of goodwill*).
- *Intangible assets and property, plant and equipment:* estimate of the useful life based in particular on the effective obsolescence of the assets and the use made of those assets (Refer to Note 12 – *Other intangible assets* and Note 14 – *Property, plant and equipment).*

- *Contract assets and trade and other receivables:* contract assets and trade and other receivables are provisioned (i) on the basis of the historically observed recovery rate and/or (ii) on the basis of a specific recoverability analysis *(*Refer to Note 13 – *Contract balances* and Note 19 – *Trade and other receivables).*
- *Determination of the right of use and lease liabilities*: the right of use and the lease liabilities are determined based on the lease term and the discount rate.
  - For the lease term, the Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.
  - The discount rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment (Refer to Note 15 – *Rights of use)*.
- *Assessment of control*: judgments and assumptions are made in determining that the Group has exclusive control over some companies.
- *Allocation of goodwill for assets held for sale* using the relative fair value method.

For the year ended December 31, 2022, the impact of rising inflation and interest rates, in many geographies were considered in the determination of the fair value of assets and liabilities, including, but not limited to financial instruments, goodwill and other non-current assets impairment testing, post-employee benefit obligations and termination benefits. As of December 31, 2022, the Group believes the impact of inflation and interest rates is appropriately reflected in the determination of the fair value of assets and liabilities in the combined financial statements.

4. Significant events of the period

4.1. Acquisition of TFX and 6ter

On February 28, 2022, the Group announced that it had entered into an exclusivity agreement with TF1 and M6 in order to acquire two channels (TFX and 6ter) in the context of the on-going merger between the two groups. This acquisition remained subject to customary anti-trust and regulatory clearances of both the proposed acquisition by the Group and of the TF1-M6 merger. As the merger between TF1 and M6 was not approved by the French antitrust authority, the proposed acquisition of TFX and 6ter by the Group was not completed.

4.2. Outremer Tower transaction

On March 11, 2022, the Group closed the previously announced sale of its passive mobile infrastructure in the French Caribbean territories. The proceeds from the sale amounted to €75 million.

4.3. Closing of the Coriolis acquisition

On May 3, 2022, the Group successfully completed the closing of the Coriolis transaction. The acquisition was funded by drawing on the available revolving credit facility for an amount of €325.0 million. As of December 31, 2022, the deferred payment amounts to €117.0 million. The Group recorded a preliminary goodwill of €450.1 million related to the transaction. The allocation of the goodwill will be completed within the twelve-month period as stipulated in IFRS 3.

The impact of the entry of Coriolis into the scope is broken down below:

Change in Scope **(€m)**	**Net value**
Non-current assets	10.9
Current assets	98.9
Assets	**109.8**
Non-current liabilities	3.1
Current liabilities	97.1
Liabilities	**100.2**
Equity acquired (a)	**9.6**
Acquisition share's price (b)	**459.7**
Goodwill before acquisition price allocation (b) - (a)	**450.1**

4.4. Acquisition of Syma

On May 9, 2022, the Group finalised the acquisition of a mobile virtual network operator, Syma. The total transaction price was €93.6 million (enterprise value). The Group paid €61.2 million at the time of closing. As of December 31, 2022, the deferred payment amounts to €9.6 million. The acquisition was funded by drawing on the revolving credit facility.

4.5. Debt buy back

Over the period from June 21, 2022, until July 21, 2022, the Company repurchased $125.5 million of its 6% $1,225 million Senior Notes due 2028 (Refer to Note 23.1 – *Financial liabilities breakdown).*

4.6. Swap restructuring

The Group restructured certain cross currency swaps over the year 2022. As part of the restructuring, the Group received €611.4 million in cash (Refer to Note 24 – *Derivatives instruments).*

4.7. Change in governance

On August 24, 2022, Arthur Dreyfuss, President of the Media division, became Chief Executive Officer of the Company, and Mathieu Cocq, previously Executive Director of the Overseas Territories, became Chief Executive Officer of SFR.

5. Change in scope

Over the period ended December 31, 2022, the significant changes in the combination scope are described as follows:

- The disposal of Outremer Tower (Refer to Note 4.2 – *Outremer Tower transaction*),
- The acquisition of Coriolis S.A. ("Coriolis") (Refer to Note 4.3 – *Closing of the Coriolis acquisition*),
- The acquisition of Syma S.A.S. ("Syma") (Refer to Note 4.4 – *Acquisition of Syma*).

The combination scope updated is presented in Note 34 – *List of combined entities.*

6. Financial Key Performance Indicators ("KPIs")

The Board of Directors has defined certain financial KPIs that are tracked and reported by each operating segment every month to the senior executives of the Company. The Board of Directors believes that these indicators offer them the best view of the operational and financial efficiency of each segment, and this follows best practices in the rest of the industry, thus providing investors and other analysts a suitable base to perform their analysis of the Group's results.

The financial KPIs tracked by the Board of Directors are:

- Revenues,
- Adjusted EBITDA,
- Capital expenditure ("Capex"),
- Operating free cash flow ("OpFCF") and
- Net financial debt.

Non-GAAP measures

Adjusted EBITDA, Capex, OpFCF and Net financial debt are non-GAAP measures. These measures are useful to readers of the Group's financial statements as they provide a measure of operating results excluding certain items that the Group's management believe are either outside of its recurring operating activities, or items that are non-cash. Excluding such items enables trends in the Group's operating results and cash flow generation to be more easily observable. The non-GAAP measures are used by the Group internally to manage and assess the results of its operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel. Such performance measures are also, de facto, the metrics used by investors and other members of the financial community to value other companies operating in the same industry as the Group and thus are a basis for comparability between the Group and its peers. Moreover, the debt covenants of the Group are based on the Adjusted EBITDA and other associated metrics. The definition of Adjusted EBITDA used in the covenants has not changed with the adoption of IFRS 15 and IFRS 16 by the Group.

- ***Adjusted EBITDA***

Following the application of IFRS 16, Adjusted EBITDA is defined as operating income before depreciation and amortisation, other expenses, and incomes (capital gains, non-recurring litigation, restructuring costs and management fees), share-based expenses and after operating lease expenses (i.e., straight-line recognition of the rent expense over the lease term as performed under IAS 17 – *Leases* for operating lease). This may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating income as the effects of depreciation, amortisation, and impairment, excluded from Adjusted EBITDA, do ultimately affect the operating results. Operating results presented in the annual combined financial statements are in accordance with IAS 1.

- ***Capex***

Capex is an important indicator to follow, as the profile varies greatly between activities:

- The fixed business has fixed Capex requirements that are mainly discretionary (network, platforms, general), and variable Capex requirements related to the connection of new customers and the purchase of Customer Premise Equipment (TV decoder, modem, etc.).
- Mobile Capex is mainly driven by investment in new mobile sites, upgrade to new mobile technology and licenses to operate; once engaged and operational, there are limited further Capex requirements.
- Other Capex is mainly related to costs incurred in acquiring content rights.

- ***Operating free cash flow***

OpFCF is defined as Adjusted EBITDA less Capex. This may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating cash flow as presented in the combined statement of cash flows in accordance with IAS 7 – *Statement of Cash Flows*.

- ***Net financial debt***

Net financial debt is a non-GAAP measure which is useful to the readers of the combined financial statements as it provides meaningful information regarding the financial position of the Group and its ability to pay its financial debt obligations compared to its liquid assets (Refer to Note 23. 4 – *Net financial debt)*.

6.1. Revenue

The following table presents the breakdown of the revenue:

Revenue **(€m)**	**December 31, 2022**	**December 31, 2021**
Residential - Fixed	2,694.5	2,732.6
Residential - Mobile	3,813.8	3,629.2
Business services	3,444.4	3,440.1
Total Telecom excl. equipment sales	**9,952.7**	**9,801.9**
Equipment sales	997.6	966.8
Media	350.7	332.5
Total	**11,301.0**	**11,101.2**

“Residential” corresponds to B2C services revenues, excluding equipment.
“Business services” includes revenues from B2B and wholesale including construction of the FTTH Network and excluding revenues from equipment and Media presented in the line below.
“Equipment sales” relates to equipment revenues from B2B and B2C segments.

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2022:

Maturity of revenues **(€m)**	**2023**	**2024**	**2025**	**2026 and beyond**	**Total**
Total	1,475.4	568.8	229.8	232.1	**2,506.1**

6.2. Adjusted EBITDA

The following table presents the reconciliation of the operating profit in the combined financial statements to Adjusted EBITDA:

Operating profit **(€m)**	**December 31, 2022**	**December 31, 2021**
Revenue	**11,301.0**	**11,101.2**
Purchasing and subcontracting costs	(3,216.5)	(3,147.7)
Other operating expenses	(1,835.9)	(1,740.9)
Staff costs and employee benefits	(1,094.4)	(1,065.9)
Total	**5,154.1**	**5,146.8**
Share-based expenses	(0.3)	4.1
Rental expense operating lease	(1,052.8)	(865.6)
Adjusted EBITDA	**4,101.0**	**4,285.2**
Depreciation, amortisation and impairment	(3,373.9)	(3,347.5)
Share-based expenses	0.3	(4.1)
Other expenses and income (a)	(193.8)	(974.2)
Rental expense operating lease	1,052.8	865.6
Operating profit	**1,586.4**	**825.1**

(a) As of December 31, 2022, this concerns mainly litigation (Refer to Note 33 – *Litigation*), the net gain on disposal of Outremer Tower (Refer to Note 4.2 – *Outremer Tower transaction*) and the margin elimination on sale and lease back transactions in accordance with IFRS 16. As of December 31, 2021, this mainly includes the indemnity received from Orange to close certain outstanding litigations, a net amount of €(297.8) million related to the departure plan of the telecom division of the Group and a net loss on the disposal of Hivory to Cellnex of €1,064.9 million of which a capital gain of €209 million on the disposal and subsequent lease back of its towers in application of IFRS 16, offset by a loss of €1,274 million related to the deconsolidation of goodwill allocated to Hivory (Refer to the Group's 2021 combined financial statements).

The table below provides a reconciliation between profit/(loss) to Adjusted EBITDA:

Reconciliation of profit/(loss) to Adjusted EBITDA **(€m)**	**December 31, 2022**	**December 31, 2021**
Profit/(loss)	**250.0**	**(540.9)**
Income tax (benefit)/expenses	352.7	(383.5)
Share of earnings of associates and joint ventures	135.9	239.4
Finance costs, net	847.7	1,510.0
Operating profit	**1,586.4**	**825.1**
Depreciation, amortisation and impairment	3,373.9	3,347.5
Other expenses and income (a)	193.8	974.2
Share-based expenses	(0.3)	4.1
Rental expense operating lease	(1,052.8)	(865.6)
Adjusted EBITDA	**4,101.0**	**4,285.2**

(a) Refer to the table above.

6.3. Capital expenditure

The following table presents the reconciliation of the capital expenditure to the payments to acquire capital items (tangible and intangible assets) as presented in the combined statement of cash flows.

Capital expenditure **(€m)**	**December 31, 2022**	**December 31, 2021**
Capital expenditure (accrued) (a)	2,387.2	2,911.5
Capital expenditure - working capital items and other impacts (b)	100.9	24.5
Payments to acquire tangible and intangible assets and contract costs	**2,488.1**	**2,935.9**

(a) As of December 31, 2022, accrued capital expenditure includes accruals related to a new IRU for an aggregate amount of €19.5 million. As of December 31, 2021, accrued capital expenditure includes accruals related to a new IRU and the renewal of the 2G licenses in March 2021 for an aggregate amount of €498 million.

(b) As of December 31, 2022, includes a payment of €121.1 million related to the 5G licenses (€244.0 million as of December 31, 2021) and a payment of €26.3 million related to the 2G licenses (€23.1 million as of December 31, 2021).

6.4. Operating Free Cash-Flow

The table below details the calculation of Adjusted EBITDA less accrued Capex or operating free cash flow ("OpFCF"), as presented to the Board of Directors. This measure is used as an indicator of the Group's financial performance as the Board of Directors believes it is one of several benchmarks used by investors, analysts and peers for comparison of performance in the Group's industry, although it may not be directly comparable to similar measures reported by other companies. Adjusted EBITDA and accrued Capex are both reconciled to GAAP reported figures in this note; this measure is a calculation using these two non-GAAP figures; therefore, no further reconciliation is provided.

Operating Free Cash Flow **(€m)**	**December 31, 2022**	**December 31, 2021**
Adjusted EBITDA	4,101.0	4,285.2
Capital expenditure (accrued)	(2,387.2)	(2,911.5)
Operating Free Cash Flow	**1,713.8**	**1,373.7**

7. Staff costs and average number of employees

The following table presents the breakdown of staff costs:

Staff costs and average number of employees (full-time equivalent) **(€m)**	**December 31, 2022**	**December 31, 2021**
Average annual headcount (Full-time equivalent)	**39,621**	**39,240**
Wages and salaries	(869.9)	(864.1)
Social security costs	(347.0)	(345.6)
Employee profit-sharing	(53.8)	(48.4)
Capitalised payroll costs	205.1	230.0
Staff costs	**(1,065.6)**	**(1,028.1)**
Costs related to stock option plans	0.3	(4.1)
Employee benefit plans	(10.9)	(11.5)
Other	(18.2)	(22.2)
Staff costs and employee benefit expenses	**(1,094.4)**	**(1,065.9)**

8. Other operating expenses

The following table presents the breakdown of the other operating expenses:

Other operating expenses **(€m)**	**December 31, 2022**	**December 31, 2021**
Network operations and maintenance	(772.1)	(657.4)
Sales and marketing	(298.1)	(312.8)
Customer services	(249.1)	(241.3)
General and administrative expenses	(240.4)	(265.0)
Taxes	(276.3)	(264.5)
Other operating expenses	**(1,835.9)**	**(1,740.9)**

9. Financial income

Net finance costs amount to €(847.7) million for the year ended December 31, 2022, compared to €(1,510.0) million for the year ended December 31, 2021.

The following table presents the breakdown of the financial income:

Financial income (€m)	December 31, 2022	December 31, 2021
Interest relative to gross financial debt	**(1,085.9)**	**(1,037.1)**
Realised and unrealised gains/(loss) on derivative instruments	**1,157.0**	**(61.0)**
Finance income	**58.4**	**74.7**
Provisions and unwinding of discount	(541.7)	102.1
Interest related to lease liabilities	(377.8)	(158.0)
Other	(91.0)	(253.2)
Other financial expenses	**(1,010.4)**	**(309.2)**
Net result on extinguishment of financial liabilities	**33.3**	**(177.4)**
Finance costs, net	**(847.7)**	**(1,510.0)**

Interest related to gross debt increased in the year ended December 31, 2022, compared to the year ended December 31, 2021. This increase is related to the restructuring of swaps in the year ended December 31, 2022.

Interest related to lease liabilities increased in the year ended December 31, 2022 mainly as a result of the disposal of Hivory in the last quarter of 2021.

As of December 31, 2022, the net gain on derivative instruments is mainly due to a favourable variation in the fair value of interest rate swaps (Refer to Note 24 – *Derivative instruments)*.

10. Taxation

10.1. Income tax benefit/(expense) components

Income tax benefit/(expense) (€m)	December 31, 2022	December 31, 2021
Income tax benefit/(expense)		
Current	(130.0)	(91.5)
Deferred	(222.8)	475.0
Income tax benefit/(expense)	**(352.7)**	**383.5**

10.2. Tax proof

Tax proof (€m)	December 31, 2022	December 31, 2021
Profit/(loss)	250.0	(540.9)
Neutralisation:		
Income tax benefit (expense)	(352.7)	383.5
Share of earnings of associates	(135.9)	(239.4)
Profit/(loss) before taxes	**738.7**	**(684.9)**
Statutory tax rate in Luxembourg	25%	25%
Theoretical income tax benefit/(expense)	**(184.2)**	**170.8**
Reconciliation between the theoretical tax rate and the effective tax rate:		
Effects of permanent differences (a)	(171.8)	221.8
Tax credits/tax assessments	9.2	(0.9)
CVAE net of current and deferred taxes (b)	(33.8)	(31.7)
Differences on income tax rate (c)	(10.8)	(5.7)
Reassessments of deferred taxes (d)	35.5	31.0
Other	3.1	(1.8)
Income tax benefit/(expense)	**(352.7)**	**383.5**
Effective tax rate	**48%**	**56%**

(a) Includes mainly non-deductible provisions: €(133.4) million, non-deductible interest expenses: €(37.2) million and French Competition Authority penalty: €(18.7) million (€281.3 million related to the disposal of Hivory as of December 31, 2021).

(b) Corresponds to the French business tax (CVAE) reclassified as corporate income tax under the IFRS: €(45.1) million (€(44.9) million as of December 31, 2021), net of tax: €11.7 million (€14.9 million as of December 31, 2021).

(c) In France, following the article 84 of the Act 2017-1837 dated December 31, 2017, the tax rate decreased from 28.41% to 25.83% (including the social surtax of 3.3%) in 2022; to date, there is no change forecast for coming years.

(d) The Group recognised deferred tax asset based on projections of future use of the loss carry forward deemed probable.

10.3. Change in deferred taxes by basis

The following table presents the breakdown of the change in deferred taxes for the year:

Change in deferred tax (€m)	**December 31, 2021**	**Income statement**	**Other**	**December 31, 2022**
Deferred tax assets				
Tax losses (a)	462.8	(115.8)	(3.8)	343.2
Provisions	99.5	(46.9)	(6.6)	46.0
Property, plant and equipment and intangible assets	721.3	45.8	0.3	767.4
Derivative instruments	159.4	(126.5)	(3.8)	29.0
Other	90.0	0.4	(0.1)	90.3
Offsetting (b)	(516.4)	-	(35.3)	(551.7)
Deferred tax assets, gross	**1,016.7**	**(243.1)**	**(49.3)**	**724.2**
Unrecognised tax assets				
Tax losses (a)	(222.6)	42.8	3.5	(176.3)
Other	(21.9)	15.2	0.7	(6.0)
Deferred tax assets, net	**772.2**	**(185.2)**	**(45.2)**	**541.9**
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(373.1)	99.5	-	(273.6)
Derivative instruments	(108.3)	(135.5)	-	(243.7)
Other	(55.5)	(1.6)	0.3	(56.8)
Offsetting (b)	516.4	-	35.3	551.7
Deferred tax liabilities	**(20.4)**	**(37.6)**	**35.6**	**(22.4)**
Net deferred tax assets (liabilities)	**751.8**	**(222.8)**	**(9.6)**	**519.4**

(a) At the year-end, the Group presents a deferred tax asset for loss carry forwards for €166.9 million (€240.2 million as of December 2021).
(b) In accordance with IAS 12 – *Income tax*, the deferred tax assets and liabilities of a same fiscal group are netted in so far there are related to the same fiscal authority for the income tax; the Group has an enforceable right to net the deferred tax assets and liabilities.

10.4. Tax receivables and payables

At year-end, tax receivables for €7.6 million correspond to the net corporate income tax advances paid in 2022. Tax payables for €26.9 million correspond to the net income tax payable for 2022.

11. Goodwill and impairment of goodwill

11.1. Goodwill

Goodwill recorded in the combined statement of financial position was allocated to the different Cash Generating Units ("CGU") as defined by the Group.

The following tables present the change in goodwill:

Goodwill (€m)	**Opening**	**Recognised on business combination**	**Changes in foreign currency translation**	**Other**	**December 31, 2022**
Telecom (a)	9,389.2	531.8	(0.3)	(0.6)	9,920.1
Media	515.7	19.9	-	(0.2)	535.3
Gross value	**9,904.9**	**551.7**	**(0.3)**	**(0.8)**	**10,455.4**
Telecom	(8.6)	-	-	-	(8.6)
Media	-	-	-	-	-
Cumulative impairment	**(8.6)**	**-**	**-**	**-**	**(8.6)**
Telecom	9,380.7	531.8	(0.3)	(0.6)	9,911.5
Media	515.7	19.9	-	(0.2)	535.3
Net book value	**9,896.3**	**551.7**	**(0.3)**	**(0.8)**	**10,446.8**

(a) The business combination mainly concerns the acquisition of Coriolis: €450.1 million and Syma: €82.1 million (Refer to Notes 4.3 – *Closing of the Coriolis acquisition* and 4.4 – *Acquisition of Syma)*.

Goodwill (€m)	Opening	Recognised on business combination	Changes in foreign currency translation	Other	December 31, 2021
Telecom (a)	10,538.8	124.4	0.2	(1,274.2)	9,389.2
Media	515.2	0.4	-	-	515.7
Gross value	**11,054.1**	**124.8**	**0.2**	**(1,274.2)**	**9,904.9**
Telecom	(8.6)	-	-	-	(8.6)
Media	-	-	-	-	-
Cumulative impairment	**(8.6)**	**-**	**-**	**-**	**(8.6)**
Telecom	10,530.3	124.4	0.2	(1,274.2)	9,380.7
Media	515.2	0.4	-	-	515.7
Net book value	**11,045.5**	**124.8**	**0.2**	**(1,274.2)**	**9,896.3**

(a) The business combination concerns the Afone Participations and H.D.A. acquisitions (Refer to the Group's 2021 combined financial statements in Note 5.4 – *Acquisition of Afone Participations*) and the decrease concerns the goodwill allocated to Hivory sold to Cellnex on October 28, 2021 (Refer to the Group's 2021 combined financial statements in Note 5.1 – *Hivory transaction with Cellnex*).

11.2. Impairment of goodwill

Goodwill is tested at the level of each CGU annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. In 2022, the Company decided to change the measurement date of the impairment test and to perform the impairment test as of September 30, 2022.

The CGU is based on the main activities Telecom and Media. The recoverable amounts of the CGUs are determined based on their value in use. The Group determined value in use for purposes of its impairment testing and, accordingly, did not determine the fair value less cost of disposal of the CGUs. The key assumptions for the value in use calculations are primarily the pre-tax discount rates, the terminal growth rate, revenue, Adjusted EBITDA and capital expenditures. Following the application of IFRS 16, Adjusted EBITDA is defined as operating income before depreciation, amortisation and impairment, other expenses and incomes (capital gains, non-recurring litigation, restructuring costs) and share-based expenses and after operating lease expenses (i.e., straight-line recognition of the rent expense over the lease term as performed under IAS 17 for operating lease).

Based on the annual impairment test performed as of September 30, 2022, no impairment of goodwill was recorded (Refer to Note 11.2.2 – *Sensitivity analysis* for the results of the impairment test and sensitivity analysis).

During the fourth quarter of 2022, the Board of Directors and the Group's senior executives have determined that there have not been any changes in circumstances indicating that the carrying amount of goodwill may not be recoverable. In addition, there were no significant changes in assets or liabilities in any CGU, while the recoverable amounts continue to significantly exceed the carrying amounts. Therefore, no updated impairment testing was performed in the fourth quarter of 2022, nor any impairment recorded as of December 31, 2022.

11.2.1.Key assumptions used in impairment testing

The Group has made use of various external indicators and internal reporting tools to assess and estimate the key assumptions used in the Group's impairment testing as of September 30, 2022.

11.2.1.1.Cash flows

The value in use of each CGU was determined by estimating cash flows for a period of five years for the operating activities. Cash flow forecasts are derived from the most recent business plans approved by the Board of Directors. Beyond the specifically forecasted period of five years, the Group extrapolates cash flows for the remaining years based on an estimated constant growth rate of 1.5%. The growth rate is estimated at an individual CGU level and does not exceed the average long-term growth rate for the relevant markets.

11.2.1.2.Discount rates

Discount rates have been estimated using pre-tax rates, which reflect current market rates for investments of similar risk. The discount rate for the CGUs was estimated using the weighted average cost of capital ("WACC") of companies that operate a portfolio of assets similar to the Group's. The pre-tax discount rates used across the Group for the calculation of the value in use as of September 30, 2022 range from 7.4% to 11.0%.

11.2.1.3.Other internal assumptions

The Groups makes assumptions of customer churn rates and operating income, or Adjusted EBITDA (and the Adjusted EBITDA margin). These assumptions were based on historical experience and expectations of future changes in the market. The Group also assumes that recurring Capex is expected to be proportional to sales, related to the acquisition of new clients, and thus is indexed to the growth in revenues. In addition, the Group has included in the assumptions a decrease in capital expenditure over the business plan period.

11.2.1.4.Assumptions about external factors

In addition to using internal indicators to assess the carrying amount in use, the Board of Directors also relies on external factors which can influence the cash generating capacity of the CGUs and indicate that certain factors beyond the control of the Board of Directors might influence the carrying amounts in use:

- Indicators of market slowdown in specific activities,
- Indicators of degradation in financial markets, that can impact the financing ability of the Group.

Key assumptions used in estimating value in use	Telecom	Media
As of September 30, 2022		
Average terminal growth rate (%)	1.5%	1.5%
5-year average Adjusted EBITDA margin (%)	37.4%	34.9%
5-year average Capex ratio (%)	(20.8)%	(10.5)%
Pre-tax discount rate (%)	7.4%	11.0%
Post-tax discount rate (WACC) (%)	6.0%	8.5%
As of December 31, 2021		
Average terminal growth rate (%)	1.3%	1.3%
5-year average Adjusted EBITDA margin (%)	37.1%	33.8%
5-year average Capex ratio (%)	(20.0)%	(10.9)%
Pre-tax discount rate (%)	7.5%	11.0%
Post-tax discount rate (WACC) (%)	6.0%	8.5%

11.2.2.Sensitivity analysis

In validating the value in use determined for the CGU, key assumptions used in the discounted cash-flow model were subject to a sensitivity analysis to test the resilience of value in use. The sensitivity analysis of the CGUs is presented below, given changes to the material inputs to the respective valuations:

Sensitivity to changes in key inputs in the value in use calculation	Telecom	Media
Amount by which the CGU exceeds the book value (€m)	19,036.1	405.2
Terminal growth rate for which recoverable amount is equal to carrying amount (%)	(4.3)%	(5.4)%
Post-tax discount rate for which recoverable amount is equal to carrying amount (%)	9.9%	12.9%
Adjusted EBITDA margin for which recoverable amount is equal to carrying amount (%)	26.9%	25.4%
0.5% increase in the discount rate (€m)	(4,091.0)	(70.0)
1.0% decrease in the terminal growth rate (€m)	(3,386.1)	(54.4)

The analysis did not result in any scenarios whereby a reasonable possible change in the key assumptions would result in a recoverable amount for the CGU which is significantly inferior to the carrying value, if applied to any other CGU.

12. Other intangible assets

12.1. Intangible assets by type

The following table presents the breakdown of intangible assets by type:

Intangible assets by type	December 31, 2022			December 31, 2021		
	Gross	Amort. & dep.	Net	Gross	Amort. & dep.	Net
(€m)						
SFR brand name (a)	1,050.0	(908.9)	141.1	1,050.0	(891.2)	158.8
Other brand names (b)	71.5	(47.5)	23.9	71.6	(44.4)	27.2
Licenses (c)	3,152.4	(1,343.3)	1,809.1	3,148.9	(1,162.7)	1,986.3
Customer relations (d)	2,921.6	(2,640.3)	281.3	2,921.8	(2,335.9)	585.9
Software	5,122.1	(3,813.3)	1,308.8	4,660.5	(3,353.1)	1,307.5
Television programs and sport rights	250.9	(211.4)	39.4	339.6	(290.1)	49.6
Other intangible assets (e)	3,885.0	(2,054.4)	1,830.7	3,565.6	(1,918.3)	1,647.3
Total	**16,453.4**	**(11,019.1)**	**5,434.3**	**15,758.1**	**(9,995.6)**	**5,762.5**

(a) The SFR brand was valued at the time of application of Purchase Price Accounting and was initially amortised over fifteen years. At the end of December 2022, the residual useful life is eight years (Refer to Note 2.9 – *Intangible assets*).
(b) Includes mainly BFM TV and RMC brands for €23.8 million.
(c) Includes the licenses held by:
- SFR for a net amount of €1,796.8 million (Refer to Note 2.9 – *Intangible assets*),
- Media entities for a net amount of €11.1 million.

(d) Includes mainly:
- The SFR customer base as valued at the time of application of Purchase Price Accounting for a gross value of €2,700.0 million amortised over nine years. This base is amortised for an aggregate amount of €2,425.0 million. At the end of December 2022, the residual useful life is one year.
- The Virgin Mobile customer base as valued at the time of application of Purchase Price Accounting for a gross value of €160.0 million amortised over five years. Since December 31, 2018, the Virgin customer base has a nil net carrying amount.

(e) Include the rights to use the cable infrastructure and civil engineering facilities, the concession contracts (IFRIC 12) and service access fees.

12.2. Change in net intangible assets

The following table presents the change in intangible assets:

Change in net intangible assets **(€m)**	**December 31, 2022**	**December 31, 2021**
Opening balance	**5,762.5**	**5,639.8**
Depreciations and amortisations	(1,215.7)	(1,235.4)
Additions	832.5	1,359.2
Disposals	(1.2)	-
Change in scope (a)	6.1	(57.9)
Other (b)	50.1	56.8
Closing balance	**5,434.3**	**5,762.5**

(a) Include mainly in 2021 the impact of the disposal of Hivory (Refer to the Group's 2021 combined financial statements in Note 5.1 – *Hivory transaction with Cellnex*).
(b) Include mainly in 2022 and 2021 a reclassification from tangible asset.

12.3. Breakdown of amortisations and depreciations

The following table presents the breakdown of amortisations and depreciations:

Breakdown of amortisations and depreciations **(€m)**	**December 31, 2022**	**December 31, 2021**
Brands	(20.9)	(20.9)
Licenses	(180.6)	(199.7)
Customer relations	(304.6)	(304.6)
Software	(454.4)	(445.5)
Television programs and sport rights	(41.2)	(46.7)
Other intangible assets	(214.0)	(218.1)
Total	**(1,215.7)**	**(1,235.4)**

13. Contract balances

The following table presents the contract balances:

Contract balances **(€m)**	**December 31, 2022**	**December 31, 2021**
Contract costs, net	211.2	189.5
Contract assets, net	195.8	224.2
Contract liabilities	(974.8)	(953.9)

13.1. Contract costs

The following table presents the change in the contract costs:

Contract costs, net	**December 31, 2022**			**December 31, 2021**		
(€m)	**Gross**	**Amort. & dep.**	**Net**	**Gross**	**Amort. & dep.**	**Net**
Opening balance	1,296.7	(1,107.2)	189.5	1,108.0	(939.0)	169.0
Additions	191.3	-	191.3	188.7	-	188.7
Depreciations and amortisations	-	(187.7)	(187.7)	-	(168.2)	(168.2)
Change in scope	60.8	(42.7)	18.1	-	-	-
Closing balance	**1,548.8**	**(1,337.6)**	**211.2**	**1,296.7**	**(1,107.2)**	**189.5**

13.2. Contract assets

The following table presents the change in net contract assets:

Contract assets, net **(€m)**	**December 31, 2022**	**December 31, 2021**
Opening balance	**230.6**	**220.8**
Business related movements (a)	(30.3)	9.8
Closing balance	**200.3**	**230.6**
Impairment loss	(4.5)	(6.3)
Contract assets, net	**195.8**	**224.2**

(a) This line includes increase related to new contracts and decrease following the transfer from contract assets to trade receivables.

13.3. Contract liabilities

The following table presents the changes in contract liabilities:

Contract liabilities **(€m)**	**December 31, 2022**	**December 31, 2021**
Opening balance	**953.9**	**965.8**
Business related movements (a)	5.4	(6.6)
Change in scope	17.9	(3.6)
Translation adjustments	0.2	0.2
Other	(2.6)	(1.8)
Closing balance	**974.8**	**953.9**

(a) This line includes increase related to cash received on new agreements and decrease related to the reversal of deferred revenue in the revenue line.

The following table presents the breakdown of the contract liabilities:

Contract liabilities - breakdown **(€m)**	**December 31, 2022**	**December 31, 2021**
Current contract liabilities	507.3	499.3
Non-current contract liabilities	467.5	454.7
Total contract liabilities	**974.8**	**953.9**
Explained as follows:		
Prepaid revenue - IRU	166.5	178.2
Prepaid revenue - Telecom contract	331.0	335.1
Prepaid revenue - RAN sharing	193.3	243.3
Prepaid revenue - Other	284.0	197.3
Total	**974.8**	**953.9**

14. Property, plant and equipment

14.1. Property, plant and equipment by type

The following table presents the breakdown of the property, plant and equipment by type:

Property, plant and equipment by type	**December 31, 2022**			**December 31, 2021**		
(€m)	**Gross**	**Amort. & dep.**	**Net**	**Gross**	**Amort. & dep.**	**Net**
Land	35.1	(0.5)	34.7	38.8	(0.5)	38.3
Buildings	2,276.0	(863.7)	1,412.4	2,140.7	(731.7)	1,409.0
Technical equipment	8,760.3	(5,437.9)	3,322.5	8,344.5	(5,024.7)	3,319.8
Assets under construction	255.4	(7.6)	247.8	287.4	(9.7)	277.7
Other tangible assets	4,278.4	(3,037.0)	1,241.4	3,842.9	(2,702.5)	1,140.5
Total	**15,605.3**	**(9,346.6)**	**6,258.7**	**14,654.2**	**(8,469.0)**	**6,185.2**

Buildings mainly consist of technical website hosting, constructed buildings and their respective amenities.
Technical equipment includes mainly network and transmission equipment.
Property, plant, and equipment in progress consist of equipment and network infrastructures.
“Other tangible assets” item includes boxes (ADSL, fibre, and cable).

14.2. Change in net property, plant and equipment

The following table presents the change in net property, plant and equipment:

Change in net property, plant and equipment (€m)	December 31, 2022	December 31, 2021
Opening balance	**6,185.2**	**6,502.0**
Amortisations and depreciations	(1,203.1)	(1,200.9)
Additions	1,355.1	1,362.3
Disposals	(7.9)	(8.6)
Change in scope (a)	(6.7)	(389.2)
Other (b)	(63.9)	(80.4)
Closing balance	**6,258.7**	**6,185.2**

(a) Related to the disposal of Hivory in 2021.
(b) Include mainly in 2022 and 2021 a reclassification to intangible assets.

14.3. Breakdown of amortisations and depreciations

The following table presents the breakdown of the amortisations and depreciations:

Breakdown of amortisations and depreciations (€m)	December 31, 2022	December 31, 2021
Buildings	(146.5)	(144.1)
Technical equipment	(629.3)	(624.3)
Assets under construction	2.0	(1.0)
Other tangible assets	(429.5)	(431.5)
Total	**(1,203.1)**	**(1,200.9)**

15. Rights of use

15.1. Rights of use by type

The following table presents the breakdown of the rights of use by type:

Rights of use by type	December 31, 2022			December 31, 2021		
(€m)	Gross	Amort. & dep.	Net	Gross	Amort. & dep.	Net
Lands and buildings	909.6	(440.3)	469.3	908.4	(349.2)	559.2
Technical installations	5,452.5	(2,512.6)	2,939.9	5,344.1	(1,940.2)	3,403.9
Other	127.3	(95.2)	32.1	131.6	(90.9)	40.7
Total	**6,489.4**	**(3,048.1)**	**3,441.3**	**6,384.1**	**(2,380.3)**	**4,003.8**

15.2. Change in net rights of use

The following table presents the change in net rights of use:

Change in net rights of use (€m)	December 31, 2022	December 31, 2021
Opening balance	**4,003.8**	**3,616.1**
Depreciations and amortisations	(767.4)	(743.0)
Additions	738.1	1,821.0
Contract modification/termination	(530.3)	(435.9)
Change in scope	1.5	(258.7)
Other	(4.3)	4.2
Closing balance	**3,441.3**	**4,003.8**

15.3. Breakdown of amortisations and depreciations

The following table presents the breakdown of the amortisations and depreciations:

Breakdown of amortisations and depreciations (€m)	December 31, 2022	December 31, 2021
Lands and buildings	(108.3)	(92.1)
Technical installations	(637.8)	(628.2)
Other	(21.2)	(22.7)
Total	**(767.4)**	**(743.0)**

16. Investments in associates and joint ventures

16.1. Main interests in associates and joint ventures

There has been no significant change over the twelve-month period ended December 31, 2022, except for the income from investments in associates and joint ventures presented in the combined statement of income.

The main investments in associates and joint ventures are as follows:

Main interests in associates and joint ventures (€m)	December 31, 2022	December 31, 2021
La Poste Telecom (a)	-	-
Synerail Construction (b)	1.1	1.1
Other associates	6.4	6.3
Associates	**7.5**	**7.4**
XpFibre Holding (c)	862.2	995.9
Synerail (b)	4.4	5.0
Other joint ventures	0.4	3.4
Joint ventures	**867.1**	**1,004.2**
Total	**874.6**	**1,011.7**

(a) In 2011, SFR and La Poste formed La Poste Telecom, of which they own 49% and 51%, respectively. This subsidiary is a virtual mobile operator in the retail mobile telephony market under the trademark La Poste Mobile. The negative value of the equity interests in La Poste Telecom was adjusted to zero by offsetting against provisions totalling €31.7 million for the year ended December 31, 2022.

(b) On February 18, 2010, a group comprised of SFR, Vinci and AXA (30% each) and TDF (10%) signed a GSM-R public-private partnership contract with Réseau Ferré de France. This contract, worth a total of one billion euros over a fifteen-year term, is to finance, build, operate and maintain a digital telecommunications network. Synerail Construction, a subsidiary of Vinci (60%) and SFR (40%), is responsible for the construction of this network.

(c) XpFibre Holding S.A.S. is a partnership between Altice France and a consortium led by OMERS Infrastructure, AXA IM - Real Assets and Allianz Capital Partners, to develop the "Fibre to the home" business within the framework of the private investment zone (AMII / AMEL areas and PIN and rural areas). XpFibre is the largest alternative FTTH infrastructure wholesale operator in France. XpFibre specialises in the design, construction and operation of telecommunications networks and infrastructures for local authorities. The Covage's subsidiaries, acquired by XpFibre Holding in 2020, specialise in the deployment and exploitation of optical fibre operate networks of public or private initiative, in partnership with local communities.

The shareholding percentages of these principal equity associates are indicated in Note 34 – *List of combined entities.*

16.2. Condensed financial information on equity associates and joint ventures

The following table presents the breakdown of the condensed financial information on significant equity associates and joint ventures:

Condensed financial information on equity associates and joint ventures	La Poste Telecom		Synerail		XpFibre Holding	
(€m)	2022	2021	2022	2021	2022	2021
Revenues	293.0	282.0	61.8	59.2	1,138.0	909.9
Net income (loss)	2.0	(12.0)	3.3	4.4	40.0	(77.3)
Equity	(101.0)	(103.0)	13.7	15.5	3,074.9	3,035.0
Cash (-) / Net debt (+)	25.0	33.0	157.6	224.9	2,644.0	2,301.3
Total equity and liabilities	58.0	51.0	220.7	289.5	9,451.0	7,899.3

These amounts may be subject to homogenisation and combination restatements by the Group. For 2022, the figures are unaudited.

17. Other non-current assets

The following table presents the breakdown of the other non-current assets:

Other non-current assets (€m)	December 31, 2022	December 31, 2021
Derivative financial instruments (a)	1,051.7	377.0
Loans and receivables with Altice Group affiliates	598.7	598.7
Other (b)	540.1	734.4
Non-current financial assets	**2,190.5**	**1,710.2**
Other non-current assets (c)	137.5	171.8
Other non-current assets	**2,328.0**	**1,882.0**

(a) Related to swaps (Refer to Note 24 – *Derivative instruments)*.
(b) Of which a loan to XpFibre Holding for €407.4 million (€262.9 million as of December 31,2021).
(c) Includes mainly non-current prepaid expenses.

18. Inventories

The following table presents the breakdown of the inventories:

Inventories (€m)	December 31, 2022	December 31, 2021
Inventories of terminals and accessories	372.8	331.3
Inventories and work in progress	87.0	91.2
Other	0.1	0.1
Inventories - gross value	**459.8**	**422.6**
Impairment	(33.6)	(33.5)
Inventories - net value	**426.2**	**389.1**

Inventories are primarily comprised of handsets (mobile and boxes) and accessories.

The handsets inventories at year-end consist of €84.4 million classified as inventories on deposit with distributors (classified as agents) compared with €97.4 million in 2021.

The inventories and work in progress relate to the activity of the ATSF sub-group.

19. Trade and other receivables

The following table presents the breakdown of the trade and other receivables:

Trade and other receivables (€m)	December 31, 2022	December 31, 2021
Trade receivables (a) (b)	3,073.8	2,741.3
Impairment of doubtful receivables (c)	(542.1)	(606.8)
Trade receivables, net	**2,531.6**	**2,134.5**
Receivables from suppliers	298.5	336.1
Tax and social security receivables	746.5	668.1
Prepaid expenses	298.7	242.3
Non-operating other receivables	28.8	28.1
Trade and other receivables, net	**3,904.1**	**3,409.1**

(a) The trade receivables disclosed above are measured at amortised cost. Due to their short-term maturity, fair value and amortised cost are an estimate for the nominal amount of trade receivables.

(b) On December 30, 2020, the Group entered into an agreement with a financial institution to sell receivables due from customers with handset bundles and a predetermined payment plan for the handsets. This program allowed the Group to monetise c. €83 million of receivables (€75 million net of fees) upfront in pursuit of a continuous improvement of its working capital needs. The transaction has been analysed as being an off-balance sheet program per IFRS 9, so no debt was recorded against the cash advanced to the Group by the financial institution. As of December 31, 2022, the receivables financed amounted to €66.8 million (€75.0 million as of December 31, 2021).

(c) The Group considers that there is no significant risk of not recovering unprovisioned receivables due. The concentration of counterparty risk connected with trade receivables is limited as the Group's customer portfolio is highly diversified and not concentrated given the large number of customers, especially in B2C activities, with many millions of individual customers. In the B2B segment, the twenty principal customers of the Group represent less than 3% of Group revenue. In the wholesale business, revenue is more concentrated as the largest customers are the telecommunication operators (Orange, Bouygues Telecom, Free, etc.) and infrastructure wholesale operator (as XpFibre) for which the risk is moderate given the reciprocal interconnection flows.

20. Current financial assets

The following table presents the breakdown of the current financial assets:

Current financial assets (€m)	December 31, 2022	December 31, 2021
Receivable SportsCoTV	53.0	70.5
Call options with non-controlling interests (a)	52.5	68.0
Receivable Altice Finco France	-	14.7
Derivative instruments	345.9	58.0
Other	28.4	24.7
Current financial assets	**479.7**	**235.9**

(a) Concerns the ACS call option.

21. Cash and cash equivalents

The following table presents the breakdown of the cash and cash equivalents:

Cash and cash equivalents (€m)	December 31, 2022	December 31, 2021
Cash	348.6	443.3
Cash equivalents	19.2	23.5
Cash and cash equivalents	**367.8**	**466.8**

22. Equity

As of December 31, 2022, the Company's share capital amounted to €400,969,500 comprising 400,969,500 shares with a par value of €1 each.

The Group does not hold treasury shares.

The meeting of the Board of Directors of April 29, 2021 approved an exceptional dividend distribution at €11.37 per share, for an aggregate amount of €4,559.8 million, which was deducted from the "Additional paid-in capital" and "Reserves" captions.

The Group did not distribute dividends to its shareholders during the year 2022.

23. Financial liabilities

23.1. Financial liabilities breakdown

The following table presents the breakdown of financial liabilities:

Financial liabilities breakdown	Current		Non-current		Total	
(€m)	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Bonds	220.0	170.8	16,300.7	15,819.7	16,520.7	15,990.5
Loans from financial institutions	292.3	97.2	7,287.6	7,026.2	7,579.8	7,123.4
Derivative financial instruments	115.7	-	160.9	874.5	276.7	874.5
Borrowings, financial liabilities, and related hedging instruments (*)	**628.0**	**268.0**	**23,749.2**	**23,720.4**	**24,377.2**	**23,988.5**
Finance lease liabilities	10.5	14.6	17.3	21.3	27.8	36.0
Operating lease liabilities	603.1	717.3	5,301.2	5,577.6	5,904.3	6,295.0
Lease liabilities	**613.6**	**732.0**	**5,318.5**	**5,599.0**	**5,932.0**	**6,330.9**
Perpetual subordinated notes	-	-	69.7	65.1	69.7	65.1
Deposits received from customers	15.4	15.4	71.0	83.1	86.3	98.5
Bank overdrafts	7.1	16.6	-	-	7.1	16.6
Securitisation	245.8	252.3	-	-	245.8	252.3
Reverse factoring	935.5	744.2	-	-	935.5	744.2
Commercial paper	43.5	181.4	-	-	43.5	181.4
Debt Altice Group and other	214.7	727.6	206.1	199.5	420.8	927.0
Other financial liabilities	**1,461.9**	**1,937.5**	**346.7**	**347.6**	**1,808.7**	**2,285.1**
Financial liabilities	**2,703.5**	**2,937.5**	**29,414.4**	**29,667.0**	**32,117.9**	**32,604.5**

(*) Including accrued interest.

Financial liabilities issued in US dollars are converted at the following closing rate:

- As of December 31, 2022: €1=1.0711 USD,
- As of December 31, 2021: €1=1.1386 USD.

As of December 31, 2022, the Revolving Credit Facility ("RCF") was drawn for an aggregate amount of €138.0 million.

Over the period from June 21, 2022, until July 21, 2022, the Company repurchased $125.5 million (€128.2 million equivalent) of its 6% $1,225 million Senior Notes due 2028. The debt was repurchased at a discount of $34.6 million, which was recognised as income in the statement of income.

23.2. Bonds

The following table presents the breakdown of bonds:

Bonds			**Outstanding amount at (1) (€m)**	
Original currency	**Maturity**	**Coupon in foreign currency**	**December 31, 2022**	**December 31, 2021**
EUR	January 2025	2.500%	550.0	550.0
EUR	February 2025	2.125%	500.0	500.0
EUR	February 2027	5.875%	1,000.0	1,000.0
EUR	May 2027	8.000%	1,317.4	1,317.4
EUR	January 2028	3.375%	1,000.0	1,000.0
EUR	February 2028	4.000%	500.0	500.0
EUR	January 2029	4.125%	500.0	500.0
EUR	July 2029	4.000%	400.0	400.0
EUR	October 2029	4.250%	800.0	800.0
USD	February 2027	8.125%	1,633.8	1,537.0
USD	May 2027	10.500%	1,458.3	1,371.9
USD	January 2028	5.500%	1,027.0	966.1
USD	February 2028	6.000%	1,026.5	1,075.9
USD	January 2029	5.125%	443.5	417.2
USD	July 2029	5.125%	2,334.0	2,195.7
USD	October 2029	5.500%	1,867.2	1,756.5
Total			**16,357.8**	**15,887.6**

(1) Amounts expressed exclude accrued interest: €226.8 million (€177.1 million as of December 31, 2021) and exclude the impact of the effective interest rate (EIR): €(63.8) million (€(74.2) million as of December 31, 2021). Including accrued interest and impact of EIR, the total bond borrowings amount to €16,520.7 million (€15,990.5 million as of December 31, 2021).

The bonds are listed on The International Stock Exchange (T.I.S.E) and on the Luxembourg Stock Exchange (Lux S.E.).

23.3. Bank borrowings

The following table presents the breakdown of bank borrowings:

Bank borrowings				**Margin**	**Outstanding amount at (2) (€m)**	
Currency	**Tranche**	**Maturity**	**Reference interest rate**	**in foreign currency (1)**	**December 31, 2022**	**December 31, 2021**
EUR	B11	July 2025	Euribor 3M	3.000%	1,082.0	1,093.5
EUR	B12	January 2026	Euribor 3M	3.000%	950.0	960.0
USD	B11	July 2025	Libor 3M	2.750%	1,252.8	1,191.0
USD	B12	January 2026	Libor 3M	3.688%	1,906.9	1,812.8
USD	B13	August 2026	Libor 3M	4.000%	2,240.7	2,129.8
RCF					138.0	-
Total					**7,570.5**	**7,187.1**

(1) Interest is payable quarterly.

(2) Amounts expressed exclude accrued interest: €101.2 million (€45.4 million as of December 31, 2021) and exclude the impact of EIR: €(92.8) million (€(112.0) million as of December 31, 2021). Including accrued interest and impact of EIR, total bank borrowings amount to €7,578.8 million (€7,120.4 million as of December 31, 2021). These amounts do not include the bank loan raised by NextRadioTV: €1.1million (€3.1 million as of December 31, 2021).

Bank loans, excluding the RCF, are amortisable at a rate of 0.25% of the nominal amount each quarter.

23.4. Net financial debt

The following table presents the breakdown of the net financial debt as defined and utilized by the Group:

Net financial debt **(€m)**	**December 31, 2022**	**December 31, 2021**
Bonds	16,357.8	15,887.6
Loans from financial institutions	7,570.5	7,187.1
Finance lease liabilities	27.8	36.0
Commercial paper	43.5	181.4
Bank overdrafts	7.1	16.6
Other	90.9	15.1
Net derivative instruments - currency translation impact	(581.3)	(258.6)
Financial liabilities contributing to net financial debt (a)	**23,516.2**	**23,065.1**
Cash and cash equivalents (b)	367.8	466.8
Net financial debt (a) – (b)	**23,148.4**	**22,598.4**

(a) Liability items correspond to the nominal value of financial liabilities excluding accrued interest, impact of EIR, perpetual subordinated notes, operating "debt" (notably guarantee deposits, securitisation "debt" and reverse factoring) and include the portion of the fair value of derivatives related to the currency impact: €581.3 million (€258.6 million as of December 31, 2021). The fair value of derivatives related to the interest rate impact of €539.6 million (€(698.1) million as of December 31, 2021) is not included. All these liabilities are converted at the closing exchange rates (Refer to Note 23.6 – *Reconciliation between net financial liabilities and net financial debt*).

23.5. Senior secured debt liquidity risk

The following table breakdowns, for the Group's senior secured debt (bonds, bank loans and RCF) the future undiscounted cash flows (interest payments, commitment fees and repayment of the nominal amount):

Senior secured debt liquidity risk **(€m)**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028 and beyond**	**Total**
USD bonds	383.3	482.9	308.4	519.6	3,595.0	7,188.2	12,477.3
USD term loans	92.1	308.1	1,724.3	4,222.3	16.9	-	6,363.7
EUR bonds	312.9	312.9	1,347.3	288.5	2,523.8	3,341.9	8,127.3
EUR term loans	123.3	125.8	1,158.4	934.0	-	-	2,341.6
RCF	154.6	16.6	16.5	5.4	-	-	193.1
Total	**1,066.3**	**1,246.3**	**4,554.8**	**5,969.8**	**6,135.7**	**10,530.2**	**29,503.1**

The main assumptions used in this schedule are as follows:

- US dollar amounts are translated to euros at the closing rate (€1=$1.0711) and flows on USD Bonds and USD Term loans also include flows on derivative instruments (Refer to the specific assumptions for "debt" denominated in US dollars as described in Note 24.3 – *Liquidity risk on foreign currency "debt"*).
- Calculations of interest are based on the Euribor and Libor rates as of December 31, 2022 (which leads at that date to the application of the floor to floating rate loans in euros but not to floating rate loans in US dollars).
- The maturity dates of bonds and loans are positioned at the contractual maturity date (no early repayment is planned).

23.6. Reconciliation between net financial liabilities and net financial debt

In compliance with IAS 7, the following table presents the reconciliation between net financial liabilities in the combined statement of financial position and the net financial debt:

Reconciliation between net financial liabilities and net financial debt (€m)	Note	December 31, 2022	December 31, 2021
Financial liabilities	23.1	32,117.9	32,604.5
Cash and cash equivalents	21	(367.8)	(466.8)
Derivative instruments classified as asset	17/20	(1,397.6)	(435.0)
Net financial liabilities - combined statement of financial position		**30,352.6**	**31,702.7**
Reconciliation:			
Operating lease liabilities		(5,904.3)	(6,295.0)
Net derivative instruments - interest rate impact		539.6	(698.1)
Accrued interest		(331.9)	(226.4)
EIR		156.7	186.2
Perpetual subordinated notes		(69.7)	(65.1)
Deposits received from customers		(86.3)	(98.5)
Securitisation		(245.8)	(252.3)
Reverse factoring		(935.5)	(744.2)
Debt on share purchase		(201.2)	(192.7)
Dividend to pay		(1.9)	(1.9)
Current accounts		(6.5)	(6.8)
Debt Altice Group and other		(117.3)	(709.7)
Net financial debt		**23,148.4**	**22,598.4**

23.7. Reconciliation between change on financial liabilities and flows related to financing

This table presents the reconciliation between change on financial liabilities and flows related to financing as presented in the combined statement of cash flows.

Reconciliation between change on financial liabilities and flows related to financing (€m)	Note	December 31, 2021	Combined statement of cash flows Net cash flow - financing activities	 Other flows - cash	Other flows - non cash		December 31, 2022
Borrowings, financial liabilities and relating hedging instruments		23,720.4	(188.9)	-	217.7	(2)	23,749.2
Lease liabilities		5,599.0	(27.5)	-	(253.0)	(1)	5,318.5
Other financial liabilities		347.6	(80.6)	126.6	(46.9)		346.7
Non-current financial liabilities	**23.1**	**29,667.0**	**(296.9)**	**126.6**	**(82.2)**		**29,414.4**
Borrowings and financial liabilities		268.0	138.0	-	221.9	(2)	628.0
Lease liabilities		732.0	(689.4)	-	571.0	(1)	613.6
Other financial liabilities		1,937.5	15.4	(67.0)	(424.0)		1,461.9
Current financial liabilities	**23.1**	**2,937.5**	**(536.0)**	**(67.0)**	**369.0**		**2,703.5**
Financial liabilities	**23.1**	**32,604.5**	**(832.9)**	**59.6**	**286.7**		**32,117.9**

(1) IFRS 16 impacts.
(2) Mainly impact of the change in fair value of derivative instruments: €(536.0) million and the FX impact on the financial debt: €902.5 million.

Reconciliation between change on financial liabilities and flows related to financing		December 31,	Combined statement of cash flows		Other flows - non cash		December 31,
(€m)	Note	2020	Net cash flow - financing activities	Other flows - cash			2021
Borrowings, financial liabilities and relating hedging instruments		22,527.6	708.5	-	484.3	(2)	23,720.4
Lease liabilities		2,971.7	(33.8)	-	2,661.1	(1)	5,599.0
Other financial liabilities		376.2	103.5	-	(132.0)		347.6
Non-current financial liabilities	**23.1**	**25,875.5**	**778.2**	**-**	**3,013.4**		**29,667.0**
Borrowings and financial liabilities		854.4	(2.9)	-	(583.4)	(2)	268.0
Lease liabilities		732.5	(719.5)	-	719.0	(1)	732.0
Other financial liabilities		1,120.1	643.8	63.0	110.5		1,937.5
Current financial liabilities	**23.1**	**2,707.0**	**(78.6)**	**63.0**	**246.1**		**2,937.5**
Financial liabilities	**23.1**	**28,582.4**	**699.6**	**63.0**	**3,259.4**		**32,604.5**

(1) IFRS 16 impacts.
(2) Mainly impact of the change in fair value of derivative instruments: €(725.7) million and the FX impact on the financial debt: €654.2 million.

The net cash flow presented above can be reconciled to the financing activities in the cash flow statement as follows:

Reconciliation to financing cash flow (€m)	December 31, 2022	December 31, 2021
Financing activities - Financial liabilities	**(832.9)**	**699.6**
Discount buy back "Senior Notes 2028 USD"	33.3	-
Restructuring of swap instruments	611.4	-
Interest paid on debt	(1,042.6)	(1,075.8)
Interest paid on lease liabilities	(377.8)	(158.0)
Other interest paid	(56.4)	(105.1)
Dividends received	11.0	18.4
Dividends distributed	(24.2)	(4,603.5)
Loans to Altice Group affiliates	17.5	1,125.8
Interest received from Altice Group affiliates	-	53.0
Redemption fees	-	(162.2)
Currency effect on "Senior Secured Note 2026" redemption	-	(141.6)
Other	(3.4)	10.4
Financing activities - Combined statement of cash flows	**(1,664.2)**	**(4,339.0)**

23.8. Reverse factoring and securitisation

Reverse factoring

Since 2015, SFR has entered into reverse factoring agreements with several banking partners (BNP Paribas, Société Générale, Citibank) and twenty of its main services or equipment providers; each partner pays the invoices of these suppliers at the original due date of the invoices.

As part of these programs, SFR undertakes to pay to the banking partner the invoice at the extended deadline, whose extension could not exceed 360 days after the provider issued it. When the supplier invoice is paid by the financial partner on behalf of SFR, the company recognises a decrease in accounts payables and an increase in financial debt.

As of December 31, 2022, the outstanding amount on the programs represents €935.5 million (excluding accrued interest of €4.0 million).

Securitisation

As part of the measures implemented by the Group to manage its cash flow, SFR and Completel have concluded since 2015 and 2016 a non-recourse securitisation agreement for their "business services" segment portfolio receivables with Ester Finance Titrisation, a 100% owned subsidiary of the Crédit Agricole Corporate and Investment Banking group. Ester Finance Titrisation has committed to purchase these receivables for a new five-year period starting February 2020 and for a total committed capacity of €320 million, monthly and via a revolving structure. The analysis of these contracts and the assigned receivables has led the Group to conclude that the program, while being non-recourse, does not meet the de-recognition criteria under IFRS 9 and hence a financial debt is recognised on the balance sheet corresponding to the outstanding balance of receivables.

The total amount of the portfolio of receivables assigned as of December 31, 2022, represents €245.8 million for these programs.

As a reminder, on December 30, 2020, the Group entered into an agreement with Ester Finance Titrisation to sell receivables due from customers with handset bundles and a pre-determined payment plan for the handsets (Refer to Note 19 – *Trade and other receivables*).

24. Derivative instruments

24.1. Fair value of derivative instruments

The following table presents the derivative instruments fair value:

Note	Type (€m)	Underlying element	December 31, 2022	December 31, 2021
24.2	Cross-currency swaps	2027 USD bonds	267.0	185.8
		2028 USD bonds	178.4	(15.3)
		2029 USD bonds	243.8	7.4
		July 2025 USD term loan	133.3	82.9
		January 2026 USD term loan	82.4	(16.4)
		August 2026 USD term loan	217.1	(8.3)
24.2	Interest rate swaps	Fixed rate - Floating rate USD	(138.0)	(660.2)
		Fixed rate - Euribor 3 months	17.4	(15.5)
		Swap Libor 1 month - Libor 3 months	119.4	-
17/20		Derivative instruments classified as assets	1,397.6	435.0
23.1		Derivative instruments classified as liabilities	(276.7)	(874.5)
		Net Derivative instruments	**1,120.9**	**(439.5)**
		O/w currency effect	*581.3*	*258.6*
		O/w interest rate effect	*539.6*	*(698.1)*

In accordance with IFRS 9, the Group uses the fair value method to recognise its derivative instruments.

The fair value of derivative financial instruments (cross currency swaps) traded over the counter is calculated based on models commonly used by traders to measure these types of instruments. The resulting fair values are checked against bank valuations.

The measurement of the fair value of derivative financial instruments includes a "counterparty risk" component for asset derivatives and an "own credit risk" component for liability derivatives. Credit risk is measured using a simplified model derived from Base II for calculating exposure risk and using market data to determine the probability of default.

As these swaps did not qualify for hedge accounting, the change in fair value is recognised directly in profit and loss.

24.2. Cross currency swaps and interest rate swaps

Cross currency swaps subscribed by the Group are intended to neutralise the exchange rate impacting future financial flows (nominal amount, coupons) or to convert the Libor exposure for drawdowns in US dollars for the Term Loan into Euribor exposure.

In the twelve-month period ended December 31, 2022, the Group made changes to cross-currency and interest rate swaps and received net cash proceeds of €611.4 million as a result of these changes. The tables below provide a summary of derivatives portfolio following the restructuring.

Cross-Currency Swaps				
Start Date / End Date	**Notional amount due from Counterparty (millions)**	**Notional amount due to Counterparty (millions)**	**Interest rate due from Counterparty**	**Interest rate due to Counterparty**
Altice France Holding				
… / May 2026	USD 1,012	EUR 884	10.50%	6.72%
… / May 2026	USD 350	EUR 306	6m Libor	6m Euribor - 0.02%
… / May 2027	USD 200	EUR 175	10.50%	7.86%
… / February 2028	USD 1,094	EUR 995	6.00%	4.06%
Altice France				
… / January 2023	USD 1,072	EUR 948	3m Libor + 3.77%	3m Euribor + 3.46%
Jan. 2023 / Jan. 2027	USD 1,072	EUR 1,087	3m Libor + 3.77%	3m Euribor + 4.12%
Jan. 2027 / Apr. 2029	USD 335	EUR 342	3m Libor + 3.25%	3m Euribor + 2.93%
… / January 2024	USD 1,356	EUR 1,140	3m Libor + 4.24%	3m Euribor + 4.44%
… / January 2026	USD 808	EUR 729	3m Libor + 3.16%	3m Euribor + 3.10%

Cross-Currency Swaps				
Start Date / End Date	**Notional amount due from Counterparty (millions)**	**Notional amount due to Counterparty (millions)**	**Interest rate due from Counterparty**	**Interest rate due to Counterparty**
… / August 2026	USD 2,186	EUR 1,980	3m Libor + 4.00%	5.47%
… / February 2027	USD 1,736	EUR 1,553	8.13%	6.00%
… / January 2028	USD 1,100	EUR 1,026	5.50%	3.37%
… / January 2029	USD 475	EUR 411	5.13%	4.18%
… / January 2029	USD 168	EUR 160	3m Libor + 4.00%	3m Euribor + 3.74%
… / April 2029	USD 244	EUR 209	3m Libor + 3.25%	4.37%
… / July 2029	USD 2,500	EUR 2,310	5.13%	3.62%
… / October 2029	USD 1,988	EUR 1,800	5.50%	4.04%

Interest Rate Swaps				
Start Date-End Date	**Notional amount due from Counterparty (millions)**	**Notional amount due to Counterparty (millions)**	**Interest rate due from Counterparty**	**Interest rate due to Counterparty**
Altice France Holding				
… / May 2024	USD 371	USD 371	3m Libor + 3.78%	8.0%
Altice France				
… / January 2023	EUR 4,000	EUR 4,000	3m Euribor	-0.12%
… / January 2027	EUR 750	EUR 750	6m Euribor + 3.00%	3.08%
… / April 2027	EUR 250	EUR 250	6m Euribor + 3.00%	3.16%
May 2024 / May 2029	USD 750	USD 750	3m Libor	4.59%
July 2024 / July 2029	USD 1,750	USD 1,750	3m Libor	4.78%
Sep. 2024 / Jan. 2029	USD 750	USD 750	3m Libor	4.95%

24.3. Liquidity risk on foreign currency "debt"

The following table breakdown, for the bonds and loans denominated in dollars, the future undiscounted cash flows (interest payments and repayment of the nominal amount).

(€m)	2023	2024	2025	2026	2027	2028 and beyond	Total
USD Bonds (a)	**383.3**	**482.9**	**308.4**	**519.6**	**3,595.0**	**7,188.2**	**12,477.3**
Flows in USD	649.0	649.0	649.0	649.0	3,598.2	7,188.2	13,382.4
Swap - Flows in USD	(1,388.3)	(4,818.7)	(2,978.5)	(2,184.8)	-	-	(11,370.4)
Swap - Flows in EUR	1,122.7	4,652.6	2,637.9	2,055.3	(3.2)	-	10,465.3
USD Term loans (b)	**92.1**	**308.1**	**1,724.3**	**4,222.3**	**16.9**	**-**	**6,363.7**
Flows in USD	507.0	508.5	1,693.6	4,205.7	-	-	6,914.8
Swap - Flows in USD	(1,331.2)	(3,653.1)	(709.3)	(353.7)	(190.9)	-	(6,238.2)
Swap - Flows in EUR	916.4	3,452.7	740.0	370.3	207.8	-	5,687.2
Total = (a)+(b)	**475.4**	**791.0**	**2,032.7**	**4,741.9**	**3,611.9**	**7,188.2**	**18,841.0**

The main assumptions used in this schedule are as follows:

- Amounts in dollars are translated to euros at the closing rate (€1=$1.0711).
- Calculations of interest are based on the Euribor and Libor rates as of December 31, 2022.
- The maturity dates of bonds and loans are positioned at the contractual maturity date (no early repayment is planned).
- The final trade date for the swaps was scheduled for the closer of (i) the final trade date provided for in the swap agreement and, where applicable, (ii) the date on which the banks have the option to terminate the agreement early.

24.4. Interest rate benchmark reform

With respect to the IBOR reform, the transition from LIBOR to SOFR has started as the Group refinanced part of its term loans in 2023 (Refer to Note 35 – *Subsequent events*). The new loans are based on SOFR. The Group will continue to implement such transition and anticipates that it will not have a material impact.

25. Obligations under leases

25.1. Lessee

In compliance with IFRS 16, the Group recognises right of use assets and lease liabilities for contract that contains a lease.

The following table presents, for the lessee, the contractual undiscounted cash flows related to lease payments:

Obligation under leases **(€m)**	**December 31, 2022**	**December 31, 2021**
Less than one year	1,076.3	1,012.2
Between one and two years	1,007.8	952.5
Between two and three years	901.3	913.0
Between three and four years	709.4	798.1
Five years and beyond	5,124.2	4,888.5
Total future payments	**8,819.0**	**8,564.2**
Future finance expenses	(2,886.9)	(2,233.3)
Discounted value of contracts	**5,932.0**	**6,330.9**
Included in the financial liabilities' breakdown:		
- Lease liabilities current	*613.6*	*732.0*
- Lease liabilities non-current	*5,318.5*	*5,599.0*

25.2. Lessor

The following table presents, for the lessor, the contractual undiscounted cash flows related to lease income:

Lessor - operating lease revenues maturity **(€m)**	**December 31, 2022**	**December 31, 2021**
Less than one year	14.3	14.2
Between one and two years	14.0	13.9
Between two and three years	12.9	13.0
Between three and four years	10.5	11.9
Five years and beyond	127.0	130.7
Total future payments	**178.8**	**183.6**

The amount of lease income recognised in the income statement amounts to €14.9 million for the year ended December 31, 2022, compared to €46.6 million for the year ended December 31, 2021.

26. Financial instruments

26.1. Fair value of financial instruments

The following table presents the net carrying amount per category and the fair value of the Group's financial instruments:

Fair values of assets and liabilities (€m)	Note	December 31, 2022 Carrying value	December 31, 2022 Fair value	December 31, 2021 Carrying value	December 31, 2021 Fair value
Cash and cash equivalents	21	367.8	367.8	466.8	466.8
Put options with non-controlling interests	20	52.5	52.5	68.0	68.0
Derivatives	20	345.9	345.9	58.0	58.0
Other financial assets	20	81.3	81.3	109.9	109.9
Current assets		**847.5**	**847.5**	**702.7**	**702.7**
Derivatives		1,051.7	1,051.7	377.0	377.0
Other financial assets		1,138.8	1,138.8	1,333.1	1,333.1
Non-current assets	**17**	**2,190.5**	**2,190.5**	**1,710.2**	**1,710.2**
Short term borrowings and financial liabilities		512.3	512.3	268.0	268.0
Put options with non-controlling interests		128.0	128.0	119.6	119.6
Derivatives		115.7	115.7	-	-
Lease liabilities		613.6	613.6	732.0	732.0
Reverse factoring and securitisation		1,181.3	1,181.3	996.6	996.6
Accrued interest		4.0	4.0	3.9	3.9
Commercial paper		43.5	43.5	181.4	181.4
Other financial liabilities		105.2	105.2	636.0	636.0
Current liabilities	**23.1**	**2,703.5**	**2,703.5**	**2,937.5**	**2,937.5**
Long term borrowings and financial liabilities		23,588.3	19,902.1	22,845.9	22,949.0
Derivatives		160.9	160.9	874.5	874.5
Lease liabilities		5,318.5	5,318.5	5,599.0	5,599.0
Other financial liabilities		346.7	346.7	347.6	347.6
Non-current liabilities	**23.1**	**29,414.4**	**25,728.2**	**29,667.0**	**29,770.1**

During the year ended December 31, 2022, there has been no transfer of assets or liabilities between levels of the fair value hierarchy. The Group's trade and other receivables and trade and other payables are not shown in the table above as their carrying amounts approximate their fair values.

Except for derivatives and put and call options on non-controlling interests, loans and other short-term and long-term financial debts, and other current and non-current financial liabilities are measured at their amortised cost, which corresponds to the estimated value of the financial liability when initially recognised, minus repayments of principal, and plus or minus cumulative amortisation, measured using the effective interest rate method.

Derivatives are measured at fair value through the income statement, or through other items of comprehensive income, for the effective portion of the change in fair value of derivatives qualifying as cash flow hedges. Put and call options are measured at fair value through equity.

As of December 31, 2022, no derivative was qualified for hedge accounting.

Fair value measurement through the combined statement of financial position

Fair value is calculated using market prices. When market prices are not available, an analysis of discounted cash flow is carried out or a business model applied.

The following table provides information on the fair values of financial assets and financial liabilities, their valuation technique, and the fair value hierarchy of the instrument given the inputs used in the valuation method.

Fair value measurement (€m)	Fair value hierarchy	Valuation technique	December 31, 2022	December 31, 2021
Financial liabilities				
Derivative financial instruments	Level 2	Discounted cash flows	276.7	874.5
Minority put option - Intelcia	Level 3	Discounted cash flows	128.0	119.6
Financial assets				
Derivative financial instruments	Level 2	Discounted cash flows	1,397.6	435.0
Minority call option - Intelcia	Level 3	Black and Scholes model	52.5	68.0

26.2. Financial risk management and derivative instruments

The Group's treasury department provides services, coordinates access to national and international financial markets, measures and manages the financial risks connected with the Group's activities. These risks include market risks (mainly

exchange rate and interest rate risks), credit risks and liquidity risks. The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures.

26.3. Currency risk

The Group's exchange rate risk relates to bond issues and bank borrowings denominated in US dollars.

The Group's borrowings arranged in US dollars are fully hedged by derivative instruments in the form of cross currency swaps.

The following table presents the impact of hedging on the initial debt (at the debt issue date), before and after hedging.

Original amount, expressed in millions	Currency	Initial position		Hedging instrument		Final position	
		In foreign currency	In euros	In foreign currency	In euros	In foreign currency	In euros
2027 A Bonds	USD	(1,750.0)	-	1,735.5	(1,553.0)	(14.5)	(1,553.0)
2027 B Bonds	USD	(1,562.0)	-	1,562.0	(1,364.2)	-	(1,364.2)
2028 A Bonds	USD	(1,100.0)	-	1,100.0	(1,026.4)	-	(1,026.4)
2028 B Bonds	USD	(1,099.5)	-	1,094.3	(994.6)	(5.2)	(994.6)
2029 A Bonds	USD	(475.0)	-	475.0	(411.1)	-	(411.1)
2029 B Bonds	USD	(2,500.0)	-	2,500.0	(2,310.0)	-	(2,310.0)
2029 C Bonds	USD	(2,000.0)	-	1,988.0	(1,800.2)	(12.0)	(1,800.2)
2025 Term Loan	USD	(1,341.9)	-	1,356.1	(1,140.1)	14.2	(1,140.1)
2026 A Term Loan	USD	(2,042.5)	-	2,047.9	(1,836.9)	5.4	(1,836.9)
2026 B Term Loan	USD	(2,400.0)	-	2,429.5	(2,189.5)	29.5	(2,189.5)
Total		**(16,270.9)**	**-**	**16,288.3**	**(14,625.9)**	**17.3**	**(14,625.9)**

The following table presents the impact of hedging on the residual debt as of December 31, 2021 before and after hedging:

Amounts as of December 31, 2021, expressed in millions	Currency	Initial position		Hedging instrument		Final position	
		In foreign currency	In euros	In foreign currency	In euros	In foreign currency	In euros
2027 A Bonds	USD	(1,750.0)	-	1,735.5	(1,435.3)	(14.5)	(1,435.3)
2027 B Bonds	USD	(1,562.0)	-	1,600.0	(1,397.4)	38.0	(1,397.4)
2028 A Bonds	USD	(1,100.0)	-	1,100.0	(995.5)	-	(995.5)
2028 B Bonds	USD	(1,225.0)	-	1,150.9	(1,046.0)	(74.1)	(1,046.0)
2029 A Bonds	USD	(475.0)	-	475.0	(400.2)	-	(400.2)
2029 B Bonds	USD	(2,500.0)	-	2,500.0	(2,186.6)	-	(2,186.6)
2029 C Bonds	USD	(2,000.0)	-	1,988.0	(1,748.2)	(12.0)	(1,748.2)
2025 Term Loan	USD	(1,356.1)	-	1,356.1	(1,107.6)	-	(1,107.6)
2026 A Term Loan	USD	(2,064.0)	-	2,065.0	(1,828.0)	1.0	(1,828.0)
2026 B Term Loan	USD	(2,425.0)	-	2,429.5	(2,000.2)	4.5	(2,000.2)
Total		**(16,457.1)**	**-**	**16,399.9**	**(14,145.0)**	**(57.2)**	**(14,145.0)**

As of December 31, 2022, a 10% change in value of the euro against the US dollar would have, given the assets and liabilities on the combined statement of financial position, an immaterial impact on the Group's currency translation results given the hedging instruments set up by the Group. For the purposes of this analysis, all other variables, in particular interest rates, are assumed to remain unchanged.

26.4. Rate risk

Interest rate risk

The Group is exposed to interest rate risks mainly on bank borrowings on a variable interest rate basis. The Group limits such risks, when it considers appropriate, through interest rate swaps and interest rate caps.

Interest rate sensitivity analysis

The analysis of sensitivity to interest rate fluctuations for instruments at variable rates takes into accounts all variable flows of financial instruments. The analysis assumes that the liabilities and financial instruments on the combined statement of financial position as of December 31, 2022, remain unchanged over the year. For the purposes of this analysis, all other variables, in particular exchange rates, are assumed to remain unchanged.

A 50-basis point rise or fall in the Euribor at the period-end date would not have a material impact on the cost of gross debt.

26.5. Liquidity risk management

The Group manages liquidity risk by maintaining adequate levels of cash, cash equivalents and lines of credit, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Cash position including cash equivalents

As of December 31, 2022, the Group's cash position more than covered the repayment schedules of its current financial debt:

Liquidity risk management (€m)	December 31, 2022
Cash	348.6
Cash equivalents	19.2
Amount available for drawing from lines of credit	1,067.9
Cash position	**1,435.7**

26.6. Management of credit risk and counterparty risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments that could increase credit risk are mainly trade receivables, cash investments and derivative instruments.

Trade receivables

The Group considers that it has extremely limited exposure to concentrations of credit risk with respect to trade accounts receivable due to its large and diverse customer base (residential and public institutions) operating in numerous industries across France.

Cash investments and derivative instruments

Altice France Holding is exposed to bank counterparty risk in its investments and derivatives, and therefore uses strict criteria when selecting public, financial or industrial institutions in which to invest or contract derivatives, notably in terms of their financial rating.

To a lesser extent, Altice France Holding is exposed to counterparty risk between companies of the Group by the contractualisation of derivatives.

27. Provisions

The following table presents the breakdown of provisions:

Provisions (€m)	Opening	Addition	Utilisation	Reversal and changes of accounting estimates	Other	December 31, 2022
Employee benefit provisions	121.5	13.2	(1.1)	-	(37.2)	96.3
Restructuring charges (a)	194.0	0.4	(140.6)	(40.3)	-	13.6
Technical site restoration (b)	46.8	1.5	-	(2.9)	(14.3)	31.1
Litigation and other (c)	297.9	132.7	(102.9)	(27.9)	12.9	312.7
Provisions	**660.3**	**147.8**	**(244.7)**	**(71.1)**	**(38.5)**	**453.7**
Current	*308.2*	*116.0*	*(237.6)*	*(53.6)*	*82.1*	*215.2*
Non-current	*352.0*	*31.8*	*(7.1)*	*(17.6)*	*(120.6)*	*238.5*

(a) Refer to the Group's 2021 combined financial statements in Note 5.2 – *2025 Strategic Plan*.
(b) The Group has an obligation to restore the technical sites of its network at the end of the lease when they are not renewed or are terminated early.
(c) These items are included in provisions mainly when their amounts and types are not disclosed, because disclosing them may harm the Group. Provisions for litigation cover the risks connected with court action against the Group (Refer to Note 33 – *Litigation*). All provisioned disputes are currently awaiting hearing or motions in a court. The unused portion of provisions recognised at the beginning of the period reflects disputes that have been settled by the Group paying amounts smaller than those provisioned, or to a downward re-assessment of the risk.

The table for 2021 is presented below:

Provisions (€m)	**Opening**	**Addition**	**Utilisation**	**Reversal and changes of accounting estimates**	**Other**	**December 31, 2021**
Employee benefit provisions	137.1	13.7	(1.6)	(20.2)	(7.6)	121.5
Restructuring charges	24.6	385.5	(136.1)	(76.0)	(4.0)	194.0
Technical site restoration	96.4	1.1	(2.5)	(0.3)	(47.8)	46.8
Litigation and other	298.1	73.3	(20.3)	(63.1)	9.9	297.9
Provisions	**556.2**	**473.7**	**(160.5)**	**(159.6)**	**(49.5)**	**660.3**
Current	*119.3*	*404.1*	*(153.6)*	*(90.5)*	*29.0*	*308.2*
Non-current	*436.9*	*69.6*	*(6.9)*	*(69.0)*	*(78.5)*	*352.0*

28. Post-employment benefits

All Group employees benefit from severance packages upon retirement based on the collective bargaining agreement with the company to which they are attached.

The rights to conventional retirement benefits vested by employees were evaluated individually, based on various parameters and assumptions such as the employee's age, position, length of service in the Group and salary, according to the terms of their employment agreement (Refer to IFRS IC decision explained in the Group's 2021 combined financial statements in Note 2.2 – *New standards and interpretations*).

28.1. Assumptions used for defined-benefit plans

Assumptions used for defined-benefit plans	**December 31, 2022**	**December 31, 2021**
Discount rate	3.30%	0.90%
Expected salary increase rate	2.00%	2.00%
Inflation rate	2.00%	2.00%

Demographic assumptions are specific to each company.

28.2. Change in commitments

Change in commitments (€m)	**December 31, 2022**	**December 31, 2021**
Benefit obligation - opening balance	**121.5**	**137.2**
Service cost	11.7	13.0
Interest cost	1.1	0.5
Actuarial loss (gain)	(37.7)	(6.5)
Benefit paid	(1.2)	(0.8)
Past costs services	0.5	(0.5)
Business combinations	1.8	0.1
Restructuring	-	(20.1)
Disposals	(1.6)	(1.3)
Benefit obligation - closing balance	**96.3**	**121.5**

The Group has no plan assets as of December 31, 2022, and as of December 31, 2021.

28.3. Breakdown of recognised expense in the combined statement of income

Breakdown of recognised expense in the combined statement of income (€m)	**December 31, 2022**	**December 31, 2021**
Service cost	11.7	13.0
Interest cost	1.1	0.5
Restructuring	-	(20.1)
Past costs services	0.5	(0.5)
Benefit paid	(1.2)	(0.8)
Net expense of post-employment benefits	**12.2**	**(8.0)**

28.4. Actuarial gains and losses recognised in other comprehensive income

Actuarial gains and losses recognised in other comprehensive income (€m)	December 31, 2022	December 31, 2021
Actuarial (losses)/gains from experience	1.1	0.5
Actuarial (losses)/gains from changes of assumptions	36.5	5.9
Actuarial (losses)/gains recognised in other comprehensive income	**37.6**	**6.5**
Impact on change in scope	(0.1)	-
Actuarial (losses)/gains cumulated in other comprehensive income	**19.5**	**(17.9)**

28.5. Sensitivities

The following table presents the impact of a change in discount rate within more or less 0.25 point for the actuarial liability:

Sensitivities (€m)	December 31, 2022
Benefit obligation as of December 31, 2022, at 3.05%	98.5
Benefit obligation as of December 31, 2022, at 3.30%	**96.3**
Benefit obligation as of December 31, 2022, at 3.55%	92.6

28.6. Maturity of post-employment benefits

The estimated amount (in nominal value) of the benefits to be paid in the next eleven years is as follows:

Maturity of post-employment benefits (€m)	Total	Under one year	Two to five years	Six to eleven years
Estimated benefits payable	**75.4**	1.1	10.6	63.8

29. Other non-current liabilities

The following table presents the breakdown of the other non-current liabilities:

Other non-current liabilities (€m)	December 31, 2022	December 31, 2021
Licenses (a)	350.2	472.9
Other	355.7	8.7
Other non-current liabilities	**705.9**	**481.6**

(a) Concerns 2G and 5G licenses.

30. Trade payables and other current liabilities

The following table presents the breakdown of the trade payables and other current liabilities:

Trade payables and other current liabilities (€m)	December 31, 2022	December 31, 2021
Trade payables	3,035.7	2,609.4
Payables from purchase of intangible and tangible assets	873.1	837.9
Advances and deposits from customers, credit customers	383.4	235.5
Tax liabilities	785.4	714.9
Social security liabilities	496.8	489.6
Other current liabilities	53.2	51.0
Trade payables and other current liabilities	**5,627.5**	**4,938.2**

31. Related parties' transactions

Parties related to the Group include:

- All companies included in the combination scope, regardless of whether they are fully combined or equity associates,
- All entities which are ultimately owned by the Group's controlling shareholder,
- All the members of the Executive Committee and Board members of the Company and companies in which they hold a directorship.

Transactions between fully combined entities within the combination scope have been eliminated when preparing the combined financial statements. Details of transactions between the Group and other related parties are disclosed below.

31.1. Senior executive compensation

The Group's senior executives include members of Altice France's Executive Committee.

The following table presents the compensation allocated to individuals who were, at period-end, or had been in previous years, members of the Executive Committee:

Senior executive compensation (€m)	December 31, 2022	December 31, 2021
Salaries and benefits (a)	13.9	9.8
Share-based compensation	-	-
Termination benefits (b)	4.6	-
Executive compensation	**18.5**	**9.8**

(a) Include gross salaries (fixed component and variable component) as well as benefits in kind recognised during the year. The variation between 2021 and 2022 corresponds to the payment of a long-term incentive plan ("LTI") in January 2022 covering the period between January 1, 2020 and December 31, 2021.

(b) Termination benefits paid to four senior executives who left the Group in 2022.

31.2. Associates and joint ventures

Associates and joint ventures, measured through equity, are presented in Note 16 – *Investments in associates and joint ventures*.

The main transactions with equity associates (EA) and joint ventures (JV) relate to:

- La Poste Telecom (EA) as part of its telecommunication activities,
- Synerail (JV) as part of the GSM-R public-private partnership,
- XpFibre Holding (JV) and its subsidiaries as part of the network deployment and maintenance in medium and low dense areas.

The overview of these transactions is as follows:

Associates and joint ventures (€m)	December 31, 2022	December 31, 2021
Assets	**1,230.7**	**620.9**
Non-current assets	886.5	269.3
Current assets	344.2	351.6
Liabilities	**894.9**	**175.0**
Non-current liabilities	459.8	-
Current liabilities	435.1	175.0
Off balance-sheet commitments	**66.0**	**64.0**
Financial (*)	58.1	54.1
Pledges (*)	7.9	9.9

(*) Included in Note 32.7 – *Other commitments.*

Associates and joint ventures (€m)	December 31, 2022	December 31, 2021
Revenue	1,117.2	1,029.3
Operating expenses	(299.4)	(101.3)
Financial income/(expense)	(24.5)	15.9

31.3. Shareholders

The overview of these transactions is as follows:

Related parties' transactions - shareholders (€m)	December 31, 2022	December 31, 2021
Assets	**1,204.6**	**1,195.5**
Non-current financial assets (a)	752.5	678.3
Non-current operating assets (b)	310.3	371.4
Current financial assets (c)	64.0	89.0
Current operating assets	77.8	56.8
Liabilities	**604.1**	**1,232.1**
Non-current financial liabilities (d)	423.8	1,068.2
Current financial liabilities (e)	36.7	42.2
Operating liabilities	143.6	121.6

(a) Of which a loan to Altice Group Lux: €23.6 million (same amount as of December 31, 2021), a loan to Altice Luxembourg: €575.1 million (same amount as of December 31, 2021) and intercompany swap: €115.8 million (€50.4 million as of December 31, 2021).
(b) Concerns mainly the transaction with SCI Quadrans.
(c) Of which receivables with SportsCoTV: €53.0 million (€70.5 million as of December 31, 2021).
(d) Concerns the transaction with SCI Quadrans: €306.5 million (€359.2 million as of December 31, 2021) and a liability with Altice Luxembourg: €117.3 million (€22.2 million as of December 31, 2021). The liability to Altice Group Lux (€158.5 million as of December 3, 2021) has been restructured: Altice Group Lux transferred its loan to Altice Luxembourg.
(e) Concerns mainly the transaction with SCI Quadrans.

The amounts related to right of use and financial liabilities concerning the transaction with SCI Quadrans are recorded under IFRS 16.

The transactions with related parties in the income statement are presented below:

Related parties' transactions - shareholders (€m)	December 31, 2022	December 31, 2021
Operating income	33.5	96.2
Operating expenses	(289.4)	(263.2)
Financial income	116.3	113.4
Financial expenses	(20.2)	(42.5)

These transactions are carried out as part of the Group's activity, mainly with the following entities:

- Hot, Portugal Telecom: telecommunication services,
- SportsCoTV: television royalties and content,
- Altice Luxembourg: management fees,
- SCI Quadrans: rental of real estate.

The net finance income includes mainly the impact of swaps: €114.4 million (€108.5 million as of December 31, 2021).

The expenses include management fees for €3.1 million (€1.0 million as of December 31, 2021).

Investments made amount to €25.9 million (€22.7 million as of December 31, 2021).

As of December 31, 2022, the commitments given to Altice affiliates amount to €139.6 million and are included in Note 32.6 – *Commitments related to long-term contracts*.

32. Commitments and contractual obligations

The significant contractual commitments undertaken or received by the Group are disclosed below.

32.1. Commitments related to bonds and term loans

In May 2014, the Group issued bonds and set up term loans to refinance its historic debt and fund a portion of the SFR acquisition. In July 2015, in the form of an additional facility under the same legal documentation as the loans taken out in May 2014, the Group set up new term loan for the purpose of refinancing its revolving credit lines. Then, in order to fund a portion of the December 2015 distribution, the Group took out a term loan in October 2015. The latter was also structured as an additional tranche under the existing documentation. In April 2016, the Group set up new bonds and term loans for the purpose to refinance a portion of the loans raised in 2014. In October 2016, the Group set up new term loan tranches. The loans setting up in 2016 were structured as additional debt under the existing documentation. In April and October 2017, the Group refinanced some of its term loans and were structured as additional debt under the existing documentation. In July and August 2018, the Group refinanced bonds in euros and dollars with a maturity in 2022. In September 2019, the Group refinanced its USD and EUR notes due in 2024. During the year ended December 31, 2020, the Group issued new EUR and USD denominated notes due in 2029. During the year ended

December 31, 2021, the Group refinanced its 2026 Senior Secured notes (Refer to the Group's 2021 combined financial statements in Note 24.2 (Financial Liabilities) – *Bonds* and Note 24.3 (Financial Liabilities) – *Bank Borrowings*).

In connection with the Group's secured debt, the Company, Altice France and certain of the Group subsidiaries (SFR, Ypso France, Altice B2B France, SFR Fibre, Numericable US LLC, Numericable US SAS (absorbed by Altice France in 2021), Completel, Ypso Finance absorbed by Ypso France, SFR Presse Distribution and SFR Presse) pledged certain assets to banks (equity instruments of Group companies, bank accounts intercompany loans and certain intellectual property rights, and in the case of SFR Fibre and SFR, the business (*fonds de commerce*)) .

Additionally, in the event of a change in control, the Group would have to offer to repay its debt for an amount equal to 101% of the amount outstanding on that debt.

Term loans and Bonds issued also include certain restrictions that limit the Group's ability to:

- Incur or guarantee any additional debt, subject to a net debt leverage ratio (4.5x for total debt and 3.25x for bonds),
- Draw the RCF line subject to a net debt leverage ratio of 5.25x,
- Make investments or other payments that are subject to restrictions (including dividends),
- Grant sureties,
- Dispose of subsidiaries' assets and equity instruments,
- Conclude certain transactions with its affiliates,
- Enter into agreements limiting the ability of its subsidiaries to pay it dividends or repay intercompany loans and advances, and
- Carry out mergers or consolidations.

32.2. Commitments related to assets (excluding network sharing)

The contractual commitments to acquire intangible assets and property, plant and equipment amount to €897.8 million as of December 31, 2022. The amount includes commitments related to the use of telecommunications systems.

The following table presents the commitment schedule:

Investment commitments (€m)	December 31, 2022	Maturity			December 31, 2021
		Less than one year	Two to five years	More than five years	
Commitments related to Less Dense Areas ZMD (a)	78.7	37.4	41.3	-	77.8
Other investment (b)	819.1	771.8	47.2	-	840.0
Total net investment commitments	**897.8**	**809.3**	**88.5**	**-**	**917.8**

(a) Commitments related to the deployment of FTTH in less densely populated areas (ZMD).
(b) Of which mainly commitments related to 5G deployment: €300.0 million and other network deployment (FTTH, 3G, 4G, Core): €232.8 million.

32.3. Agreement to share part of SFR's mobile network

On January 31, 2014, SFR and Bouygues Telecom signed a strategic agreement to share their mobile networks. They will deploy a new shared-access mobile network in an area covering 57% of the population. The agreement allows the two operators to improve their mobile coverage and to achieve significant savings over time.

The agreement is based on two principles:

- Create a special purpose joint venture (Infracos) to manage the shared assets of the radio sites, i.e., the passive infrastructures and geographical sites where the telecom infrastructures and equipment are deployed. SFR and Bouygues Telecom each retain full ownership of their own telecom equipment assets and frequencies,
- Set up a RAN-sharing service that 2G, 3G and 4G operators can use in the shared territory. Each operator is responsible for the part of the shared territory in which it designs, deploys, operates and maintains the RAN-sharing service.

The sharing agreement is similar to many mechanisms set up in other European countries. Each operator retains its own independent innovation capacity and total commercial and pricing independence. The first deliveries of cell plans were on April 30, 2014. On that occasion, each operator was informed of its partner's deployment plans, as exchanges of technical information about the sites when developing the sharing agreement had been prohibited by ARCEP. This exchange of information led on October 24, 2014, to the agreement being adjusted, in particular regarding certain engineering choices that had been made at a time when the negotiating parties did not have full access to relevant data about each other's networks. The target network completion date was pushed back to December 31, 2022, to consider previous deployment delays encountered.

The first rollouts of the RAN sharing coverage were in September 2015, and 12.826 sites were rolled out at the end of December 2022. SFR estimates that as of late December 2022, this agreement corresponds to approximately €1,204.3 million in commitments given, and approximately €1,607.4 million in commitments received, for a net commitment received of approximately €403.0 million, covering the entire long-term agreement.

32.4. Intangible assets and property, plant and equipment related to SFR telecommunication activities

SFR is the holder of operating authorisations for its networks and the provision of its telecommunications services on the French territory, as presented below:

Band	Technology	Decisions	Start	End
700 MHz	4G (2 × 5 MHz)	ARCEP Dec. n° 15-1569	December 8, 2015	December 8, 2035
800 MHz	4G (2 × 10 MHz)	ARCEP Dec. n° 12-0039	January 17, 2012	January 16, 2032
900 MHz	2G/3G/4G (2 × 8.7 MHz)	ARCEP Dec. n° 18-1393	March 25, 2021	March 24, 2031
1,800 MHz	2G/3G/4G (2 × 20 MHz)	ARCEP Dec. n° 18-1393	March 25, 2021	March 24, 2031
2.1 GHz	3G (2 × 5 MHz)	ARCEP Dec. n° 10-0633 ARCEP Dec. n° 18-0683	June 8, 2010	June 7, 2030
2.1 GHz	2G/3G/4G (2 × 9.8 MHz)	ARCEP Dec. n° 18-1393	August 21, 2021	August 20, 2031
2.6 GHz	4G (2 × 15 MHz)	ARCEP Dec. n° 11-1171	October 11, 2011	October 10, 2031
3.4-3.8 GHz	5G (80 MHz)	ARCEP Dec. n° 20-1257	November 18, 2020	November 17, 2035 (conditional extension until November 17, 2040

The applicable financial terms are as follows:

- For the license in the 2.1 GHz band granted from June 8,2010: the fixed component paid in 2010, i.e., €300 million, was recognised in intangible assets and the variable component of the royalty amounted to 1% of the annual revenue generated by the use of this frequency.
- For the licenses in the 2.6 GHz, 800 MHz and 700 MHz bands: the fixed components paid in October 2011 (€150 million) and January 2012 (€1,065 million) were recognised in intangible assets on the license allocation dates respectively in 2.6 GHz, 800 MHz and 700 MHz bands. SFR acquired new frequencies in December 2015 in the 700 MHz band, for €466 million, payable in four instalments. The variable portion of the royalty is 1% of the annual revenue generated using those frequencies. The variable component of these license fees, which cannot be reliably measured in advance, are not recorded on the combined statement of financial position but are recognised under expenses for the period in which they are incurred.
- For the license in 900 MHz and 1,800 MHz bands granted from March 25, 2021: the fixed part of the annual license fee will amount to €1,068 per kHz duplex allocated in the 900 MHz and €571 per kHz duplex allocated in the 1,800 MHz band. The variable component will correspond to 1% of the annual revenue using those frequencies.
- For the license in 2.1 GHz band granted from August 21, 2021: the fixed part of the annual license fee will amount to €571 per kHz duplex allocated. The variable component will correspond to 1% of the annual revenue using those frequencies.
- For the license in 3.4 and 3.8 GHz granted from November 18, 2020: the fixed part of the annual license fee amounts to €350.0 million allocated in the 50 MHz and €378.0 million allocated in the 10 MHz band. The variable component will correspond to 1% of the annual revenue using of those frequencies.

Furthermore, SFR is paying a contribution to the spectrum development fund for frequency bands which were thus developed, as decided by the French Prime Minister (700 MHz, 800 MHz, 2.1 GHz and 2.6 GHz,) as well as a tax to the National Frequencies Agency intended to cover the complete costs incurred by this establishment for the collection and treatment of claims of users of audiovisual communications services related to interference caused by the start-up of radio-electric stations (700 MHz and 800 MHz).

32.5. Coverage commitments related to SFR telecommunication licenses

As part of the allocation of the first block of LTE frequencies in October 2011 (2.6 GHz), SFR undertook to provide coverage for 25% of France's metropolitan population by October 11, 2015, 60% by October 11, 2019, and 75% by October 11, 2023.

As part of the allocation of the second block of 4G frequencies in January 2012 (800 MHz), SFR undertook to meet the following obligations:

(i) SFR must provide the following very-high-speed mobile services:

- 98% of France's metropolitan population by January 2024 and 99.6% by January 2027,
- Coverage in the primary deployment area (approximately 18% of the metropolitan population and 63% geographically): SFR must cover 40% of the population in this primary deployment area by January 2017 and 90% by January 2022 (this obligation is to comply using 800 MHz frequencies),
- Coverage at a departmental level: SFR must cover 90% of the population of each department by January 2024 and 95% by January 2027,
- Coverage of high-priority roads (about 50,000 kilometres): SFR must cover 100% of these axes by January 2027 (this obligation is to comply using 800 MHz frequencies).

(ii) SFR and Bouygues Telecom have a joint obligation to pool networks or share frequencies in the primary deployment area.

(iii) SFR has an obligation to allow roaming for Free Mobile in the primary deployment area once Free Mobile covers 25% of France's population with its own 2.6 GHz network and if it has not signed a national roaming agreement with another operator.

(iv) SFR must, jointly with the other holders of 800 MHz band licenses, cover the city centres identified by the public authorities in the "Zones blanches" program (more than 98% of the population) within no more than fifteen years.

As part of the allocation of the third block of LTE frequencies in December 2015 (700 MHz), SFR undertook to comply with the following deployment obligation in very-high-speed mobile networks:

- Coverage of the primary deployment area: SFR must cover 50% of the population in this area by January 2022, 92% by January 2027 and 97.7% by December 2030 (this obligation is to comply using 700 MHz frequencies),
- Coverage of high-priority roads (about 50,000 kilometres): SFR must cover 100% of these axes by December 2030 (this obligation is to comply using 700 MHz frequencies),
- Coverage of regional railway network (at national level): at national level, SFR must comply with a 60% coverage rate of regional railway network by January 2022, 80% by January 2027 and 90% by December 2030,
- Coverage of regional railway network (at regional level): in each region, SFR must comply with a 60%, coverage rate of regional railway network by January 2027 and 80% by December 2030.

In the context of the change of its frequency authorisations in the 900 MHz, 1,800 MHz, and 2.1 GHz bands (and in exchange for the lifting of technological limitation of frequency use in the 900 MHz band), SFR undertook to respect the following obligations:

- Participation in the targeted coverage to increase coverage of the metropolitan area,
- Widespread access to very high-speed mobile access from all sites in its network in December 2020 (and by exception 75% of existing "Zones blanches" sites as of July 1, 2018),
- Coverage of priority roads outside the vehicles in December 2020,
- On-demand coverage inside buildings,
- Provide a fixed Internet access service on its very high-speed mobile network,
- Participation in the extension of the "4G fixed" coverage.

On November 15, 2018, ARCEP adopted the decision related to the result of the allocation procedure in the 900 MHz band and the four decisions authorising the use of frequencies in the 900 MHz, 1,800 MHz and 2.1 GHz bands allocated to the winners selected on October 23, 2018.

The new authorisation for the use of frequencies delivered to SFR is part of the New Deal mobile, occurred between the Government, ARCEP and operators in January 2018. This authorisation is granted from March 25, 2021 until March 24, 2031. It is accompanied by ambitious obligations for the digital development of the territory. Notably, SFR is committed to:

- Improve reception's quality in all the territory, especially in rural areas. The new standard of requirement applied to operators' obligations is the one of a good coverage.
- Increase the pace of targeted programs to improve coverage and in this context build at least 5,000 new sites in all the territory, sometimes pooled, which will now go beyond the "Zones blanches" and whose charge is now fully taken by the operators.
- Generalize reception in 4G which implies for the operators to cover more than one million French people out of 10,000 communes, by equipping in 4G all the mobile sites.
- Accelerate the coverage of transport routes, in order that the main roads and railways are covered in 4G.
- Generalize mobile phone coverage inside buildings, especially by offering its customers equipped with a compatible terminal the voice by Wi-Fi.

As part of the allocation of 5G frequencies in 3.4 and 3.8 GHz in November 2020, SFR undertook to comply with the following digital development obligations:

- Use of 3.4 and 3.8 GHz spectrum from:
    - 3,000 mobile network sites by December 31, 2022,
    - 8,000 mobile network sites by December 31, 2024,
    - 10,500 mobile network sites by December 31, 2025,
- Widespread increase in mobile network performance by 31 December 2030,
- Increase throughput on:
    - at least 75% of mobile network sites by December 31, 2022,
    - at least 85% of mobile network sites by December 31, 2024,
    - at least 90% of mobile network sites by December 31, 2025,
    - 100% of mobile network sites by December 31, 2030,
- Concurrent deployment obligations between territories,

- Road's coverage obligations: SFR must cover all type of highways roads by December 31, 2025, and all main-link roads by December 31, 2027.

32.6. Commitment related to long-term contracts

Long term contracts commitments (€m)	December 31, 2022	Maturity			December 31, 2021
		Less than one year	Two to five years	More than five years	
Commitments given (a)	427.6	184.4	236.9	6.3	396.2
Commitments received	(152.4)	(35.6)	(62.3)	(54.5)	(160.4)
Total net commitments	**275.2**	**148.8**	**174.7**	**(48.3)**	**235.8**

(a) The change concerns mainly commitments related to audiovisual rights.

32.7. Other commitments

Other commitments (€m)	December 31, 2022	Maturity			December 31, 2021
		Less than one year	Two to five years	More than five years	
Bank security guarantee GSM-R (a)	38.3	-	2.3	36.0	38.3
Other bank security deposits, guarantees and commitments to purchase securities (b)	48.3	7.2	9.4	31.7	41.5
Pledges (c)	9.0	1.1	-	7.9	11.0
Commitments given	**95.6**	**8.3**	**11.7**	**75.6**	**90.7**

(a) Public-Private Partnerships (PPP) between the SFR, Vinci Construction groups and SNCF Réseau (Ex Réseau Ferré de France).
(b) This amount includes commitments given for the Company's subsidiaries to carry out their activities and unilateral promises to buy out non-controlling interests of a financial partner in certain entities. Such promises can be made only if the Group's entities do not meet the contractual commitments made when signing the related shareholders' agreements.
(c) This amount does not include the pledges granted for Senior secured debt requirements.

33. Litigation

The Group is involved in legal and administrative proceedings that have arisen in the ordinary course of business.

A provision is recorded by the Group when there is sufficient probability that such disputes will lead to costs that the Group will bear and when the amount of these costs can be reasonably estimated. Certain Group companies are involved in some disputes related to the ordinary activities of the Group. Only the most significant litigation and proceedings in which the Group is involved are described below.

The Group is not aware of any governmental, legal or arbitration proceedings (including any proceedings of which the Group is aware that are pending or threatened) other than those described below in this section that may have or have had in the last twelve months significant effects on the financial position or profitability of the Group.

33.1. Tax disputes

The Company estimated the probable tax contingencies arising from tax audit carried out by the French Tax authorities on various Group companies and recognised the appropriate amount of provision in its accounts according to the risk assessment as of December 31, 2022. The provision mainly covers risks related to the following topics:

VAT

The French tax authorities have conducted various audits since 2005 with respect mainly to the VAT rates applicable to the Group's multi-play offerings, and to a lesser extent to the tax on telecommunication services. Pursuant to the French tax code, television services are subject to a reduced VAT rate at 10%, and press services are subject to a reduced VAT rate of 2.1%, whereas internet and telecommunication services are subject to the normal VAT rate at 20%. French tax authorities have reassessed the application of VAT rates on certain multi-play offerings for fiscal years 2011 to 2019.

Tax on Television Services ("TST")

The CNC ("Centre National du Cinéma") has conducted an audit on the tax on television services ("TST") for 2014 to 2017, which led to a reassessment related to the scope of such tax, which should include, according to the tax authorities, all services included in an offer and not only those allowing the access to a television service.

Income Tax

Tax authorities have conducted an audit on the taxable income of the tax group of Altice France for fiscal years 2014 to 2020. Main proposed tax reassessments relate to (i) the amount of the fiscal losses inherited from previous tax groups pursuant to the mechanism of imputation on a broad base (*mécanisme d'imputation sur une base élargie*) and (ii) the level of prices of certain intercompany transactions.

For all these litigations, Group companies are disputing all proposed reassessments and have filed appeals and litigation at various levels depending on fiscal years adjusted and have recognised the appropriate amount of provision in their accounts according to their risk assessments as of December 31, 2022.

The total amount of tax reassessment proposed by the French Tax authorities amounted to €992.0 million.

33.2. Civil and commercial disputes

Litigation in progress

SFR against Orange: abuse of dominant position in the second homes market

On April 24, 2012, SFR filed a complaint against Orange with the Paris Commercial Court for practices abusing its dominant position in the retail market for mobile telephony services for non-residential customers.

On February 12, 2014, the Paris Commercial Court ordered Orange to pay to SFR €51 million for abuse of dominant position in the second homes market.

On April 2, 2014, Orange appealed the decision of the Commercial Court on the merits. On October 8, 2014, the Paris Court of Appeal overturned the Paris Commercial Court's ruling of February 12, 2014 and dismissed SFR's requests. The Court of Appeal ruled that it had not been proven that a pertinent market limited to second homes actually exists. In the absence of such a market, there was no exclusion claim to answer, due to the small number of homes concerned. On October 13, 2014, SFR received notification of the judgment of the Paris Court of Appeal of October 8, 2014 and repaid the €51 million to Orange in November 2014. On November 19, 2014, SFR appealed the ruling.

On April 12, 2016, the French Supreme Court overturned the Court of Appeal's decision and referred the case back to the Paris Court of Appeal. Orange returned €52.7 million to SFR on May 31, 2016. Orange refilled the case before the Paris Court of Appeal on August 30, 2016.

On June 8, 2018, the Paris Court of Appeal rejected Orange's appeal. On December 24, 2018, Orange refiled an appeal with the Supreme Court. SFR filed its conclusions in defence on February 15, 2019. On September 16, 2020, the French Supreme Court overturned the Court of Appeal's decision and referred the case back to the Paris Court of Appeal. Orange refiled the case before the Paris Court of Appeal on October 8, 2020.

On September 24, 2021, the Court of Appeal overturned the initial decision delivered by the commercial court of Paris, thus cancelling the indemnity due from Orange to SFR. The amount was paid in December 2021 and the Group has filed a petition with the Supreme Court of France (*Cour de cassation*) to contest the decision of the Court of Appeal.

SCT against SFR

On October 11, 2017, SCT summoned SFR before the Paris Commercial Court for some supposed dysfunctions and multiple failings in the delivery of its fixed services, such as the loss of final clients as part of the supply of mobile services (MVNO).

For this reason, SCT asks, on various grounds, for an amount around €48 million.

This case was subject to a conciliation proceeding between the parties. After the failure of this proceeding, the case was sent on the merits and the procedure is pending.

Free against SFR: unfair practices for non-compliance with consumer credit provisions in a subsidised offer

On May 21, 2012, Free filed a complaint against SFR in the Paris Commercial Court. Free challenged the subsidy used in SFR's "Carrés" offers sold over the web between June 2011 and December 2012, claiming that it constituted a form of consumer credit and, as such, SFR was guilty of unfair practices by not complying with the consumer credit provisions, in particular in terms of prior information to customers.

On January 15, 2013, the Commercial Court dismissed all Free's requests. On January 31, 2013, Free appealed the decision.

On March 9, 2016, the Paris Court of Appeal confirmed the Paris Commercial Court's ruling and denied all claims filed by Free. On May 6, 2016, Free filed an appeal.

The Court of Cassation rendered a decision on March 7, 2018. This decision overturned and partially cancelled the decision rendered by the Court of Appeal and referred the case back to the Court of Appeal. The Court of Cassation considered that the Paris Court of Appeal had based its prior judgment on improper motives to exclude the mobile subsidy provided by SFR on its subscriptions from the scope of consumer credit.

On April 24, 2019, the Court of Appeal considered that disputed "Carrés" offers have to be considered as consumer credit and that SFR is consequently liable for unfair commercial practices during the litigation period. However, the Court dismissed Free from its other claims and an expert opinion has been requested by the Court to determine the damage suffered by Free (Free claimed €98 million in damages), while limiting the scope of damages claimed to €79 million.

On March 16, 2022, the Court of Cassation rejected the appeal of SFR and confirmed the ruling of the Court of Appeal, thus classifying the "Carrés" offers marketed between June 15, 2011 and September 24, 2012 as consumer credit. The

expert presented his final report on December 14, 2022, and the Court of Appeal will have to determine the amount of damage suffered by Free (SFR and Free may still submit conclusions before the Court). The pleadings before the Court are scheduled for November 23, 2023.

Free Mobile against SFR: subsidised offers sold since 2017

On November 14, 2022, Free Mobile filed a complaint against SFR in the Paris Commercial Court to challenge the subsidy used in SFR mobile offers sold since 2017 and is claiming €752 million for damages suffered. Free Mobile is claiming that such subsidies constituted a form of consumer credit and, as such, SFR implemented unfair practices not compliant with consumer credit regulation. The Group strongly contests the basis of the claim.

Disputes regarding the transfer of customer call centres from Toulouse, Lyon and Poitiers

Following the transfer of customer call centres from Toulouse and Lyon to the company Infomobile and the Poitiers call centres to a subsidiary of the Bertelsmann Group, the former employees at those sites filed legal actions at Labour Tribunals in each city to penalise what they claim were unfair employment contracts constituting fraud under Article L. 1224-1 of the French Labour Code and also contravening the legal provisions regarding dismissal for economic reasons. The rulings in 2013 were mixed as the Toulouse Court of Appeal penalised SFR and Téleperformance in half of the cases while the Lyon and Poitiers courts ruled in favour of SFR. The cases are now at different stages of proceedings: Labour Tribunal, Court of Appeal and Court of Cassation.

Litigation over distribution in the independent network (Consumer market and SFR Business)

SFR, like companies operating an indirect distribution model, faces complaints from a certain number of its distributors and almost routinely from former distributors. Such recurring complaints revolve around claims of sudden breach of contractual relations, abuse of economic dependency and/or demands for requalification as a sales agent as well as, more recently, demands for requalification as a contractual branch manager and requalification as SFR contracted point of sale staff.

In-depth inquiry of the European Commission into the assignment of cable infrastructures by certain local authorities

On July 17, 2013, the European Commission signalled that it had decided to open an investigation to verify whether the transfer of public cable infrastructure between 2003 and 2006 by several French municipalities to SFR Fibre was consistent with European Union government aid rules. In announcing the opening of this in-depth investigation, the European Commission indicated that it believed that the sale of public assets to a private company without proper compensation gave the latter an economic advantage not enjoyed by its competitors, and that it therefore constituted government aid within the meaning of the rules of the European Union and that the free-of-charge transfer of the cable networks and ducts by 33 French municipalities to SFR Fibre, they have argued, conferred a benefit of this type and, as such, was government aid. The Group strongly denies the existence of any governmental aids.

Action by Colt, Free and Orange in the General Court of the European Union concerning the DSP 92 project

Colt, Free and Orange, in three separate motions filed against the European Commission before the General Court of the European Union seeking to annul the European Commission's final decision of September 30, 2009 (Decision C (2009) 7426), which held that the compensation of €59 million granted for the establishment and operation of a high-speed electronic communications network in the department of Hauts-de-Seine does not constitute government aid within the meaning of the rules of the European Union. The Group is not party to this proceeding. Its subsidiary Sequalum is acting as the civil party, as well as the French government and the department of Hauts-de-Seine. In three rulings dated September 16, 2013, the General Court of the European Union rejected the requests of the three applicants and confirmed the aforementioned decision of the European Commission. Free and Orange have appealed to the Court of Justice of the European Union. The procedure is pending.

Claim from Free concerning the acquisition of Virgin Mobile by the Group

On April 5, 2019, Altice France and Altice Luxembourg, inter alios, received a claim from Free stating that the practices sanctioned by the French Competition Authority in November 2016 in the SFR Fibre/SFR/Virgin Mobile gun jumping case caused said Free to lose the tender process for the acquisition of Virgin Mobile. Free is now seeking €216 million in monetary damages.

Altice France has submitted a request to the judge to acquire some of documents that will help Altice France to understand the damages suffered and the amounts claimed by Free. At this stage, the Group strongly challenges the merits of this claim. The proceedings are ongoing.

Litigation arising from the voluntary redundancy plan of 2017

In the context of the voluntary redundancy plan initiated in 2017 by the Group, certain former employees have introduced claims before the "*Conseils de Prud'hommes*" (labour law ombudsman) based on the breach of the legal provisions in the French Labour code applicable to lay-off for economic reasons. The Group contested the foundation of these claims and decisions were rendered in favour of the Group. Several cases are still pending.

KOSC and KOSC Infrastructures against SFR and Completel

The companies KOSC and KOSC Infrastructures, through their liquidator, sued SFR and Completel on February 3, 2021, before the Paris Commercial Court to seek compensation for the damages that the KOSC Group would have suffered as a result of the late and incomplete delivery of Completel's DSL network that the Altice group had undertaken to sell pursuant to a commitment made to the "Autorité de la concurrence" (ADLC), during the takeover of SFR.

KOSC and KOSC Infrastructures claim that the DSL Network was delivered with a significant delay of more than a year. This delay in delivery prevented the operation of the DSL Network by KOSC, which, according to it, suffered damages resulting from a such a delay in the launch of its activity. KOSC and KOSC Infrastructures therefore requested, on various grounds, the payment of damages for an amount of around €165 million.

The case was sent on the merits and the procedure is still pending. The Group strongly challenges the merits of this claim, considering that ADLC held in its decision (Decision No. 19-CSO-02 of September 3, 2019) that Completel had respected its commitments.

Closed litigation

Potential failure to meet commitments made by Altice France as part of the takeover of exclusive control of SFR relating to the agreement signed by SFR and Bouygues Telecom on November 9, 2010 (Faber)

Following a complaint from Bouygues Telecom, the Competition Authority officially opened an inquiry on October 5, 2015, to examine the conditions under which Altice France performs its commitments relating to the joint investment agreement entered into with Bouygues Telecom to roll out fibre optics in very densely populated areas. A session before the Competition Authority board was held on November 22, and then on December 7, 2016. On March 8, 2017, the Competition Authority imposed a financial sanction of €40 million against Altice and Altice France, for not having respected the commitments set out in the "Faber Agreement" at the time of the SFR acquisition by NC Numericable (now SFR Fibre). This amount was recognised in the financial statements as of March 31, 2017 and was paid during the second quarter of 2017. The Competition Authority also imposed injunctions (new schedule including levels of achievement, with progressive penalty, in order to supply all the outstanding access points).
A summary was lodged on April 13, 2017, before the Council of State. The judge in chambers of the Council of State said there is no matter to be referred. On September 28, 2017, the Council of State rejected the application for cancellation of the decision of the Competition Authority requested by Altice Group and Altice France.

The French Competition Authority withdrew part of SFR's injunctions for the future on October 28, 2019. On March 15, 2022, the investigation team of the Competition Authority issued a report alleging that Altice France failed to respect the injunctions. Considering all these elements, the French Competition Authority concluded in a decision n°22-D-15 of September 29, 2022 that Altice has not properly executed the injunctions and fined Altice Luxembourg and Altice France €75 million corresponding to the clearance (i) of the penalty payments and (ii) the fine imposed for non-compliance with the injunctions not subject to penalty payments.

Finally, at Altice France's request, the Competition Authority lifted all of the remaining injunctions imposed in 2017, considering that, for the future, their continuation was not justified.

SFR against Iliad, Free and Free mobile: unfair competition by disparagement

On May 27, 2014, SFR filed a complaint against Iliad, Free and Free Mobile in the Paris Commercial Court for unfair competition claiming that when Free Mobile was launched and afterwards, Iliad, Free and Free Mobile were guilty of disparaging SFR services. SFR claimed €493 million in damages.

On September 9, 2016, by pleadings on counterclaims, Free requested the court to judge that SFR denigrated their capacities and services and claimed €475 million in damages. The Paris Commercial Court rendered its judgment on January 29, 2018. The Court sentenced Free Mobile to pay to SFR €20 million as moral damage as a result of unfair competition made by disparagement.
In addition, the court sentenced SFR to pay to Free Mobile €25 million as moral and material damage as a result of unfair competition made by disparagement.
Accordingly, the court sentenced, as compensation, SFR to pay to Free Mobile €5 million as damages. This decision was executed, and the Group paid the €5 million net amount to Free Mobile in June 2018. SFR appealed this decision. On September 24, 2021, the Court of Appeal confirmed that both Free and SFR were guilty of disparagement for a comparable damage of €20 million each and were ordered to pay compensation between the two rulings. As a result, Free has reimbursed to SFR the €5 millions that SFR paid to Free in June 2018. This case is now closed.

Free against RMC Découverte, Diversité TV France, BFM BusinessTV, NextRadioTV, SFR, Altice France

Following the dispute that occurred in 2019 between Free and various channels of the Group concerning their free-to-air broadcasting, and the messages broadcasted by these channels concerning the end of their broadcasting by Free, Free filed a complaint against them on December 11, 2020 before the Paris Commercial Court in order to obtain, in particular, the joint and several condemnations of the Group's companies to pay:

- €0.8 million in compensation for the damage suffered as the result of the alleged practices restricting competition;
- €14.4 million in damages for alleged acts of unfair competition;

- €1.9 million in compensation for the alleged moral prejudice resulting from these acts of unfair competition;
- €0.2 million under Article 700 of the French Code of Civil Procedure,

and the publication of any unfavourable decision in various medias and on the Group's website.
The Group challenged the merits of this claim.
This pending litigation has been settled by the execution of an agreement (*Protocole d'accord*) on October 21, 2022.

34. List of combined entities

Entity	Country Registered office	Group interest 2022	Group interest 2021	Method [1] 2022	Method [1] 2021
Altice France Holding SA	Luxembourg	100%	100%	Parent company	
Afone Participations SA	France	100%	100%	FC	FC
Altice France SA	France	100%	100%	FC	FC
Altice B2B France SAS	France	100%	100%	FC	FC
Ariège Telecom SAS	France	100%	100%	FC	FC
Cap Connexion SAS	France	100%	100%	FC	FC
CID SA (3)	France	-	100%	-	FC
Completel SAS	France	100%	100%	FC	FC
Coriolis SA (6)	France	100%	-	FC	-
Coriolis Telecom SAS (6)	France	100%	-	FC	-
Omien 2 SAS (6)	France	100%	-	FC	-
FOD SNC	France	100%	100%	FC	FC
Foncière Velizy SCI (2)	France	-	100%	-	FC
Haut-Rhin Telecom SAS	France	100%	100%	FC	FC
H.D.A. SAS (3)	France	-	100%	-	FC
Inolia SA	France	100%	100%	FC	FC
Iris 64 SAS	France	100%	100%	FC	FC
LD Communications Italie Srl	Italy	100%	100%	FC	FC
LD Communications Suisse SA	Switzerland	100%	100%	FC	FC
MACS THD SAS	France	100%	100%	FC	FC
Medi@lys SAS	France	100%	100%	FC	FC
Numergy SAS	France	100%	100%	FC	FC
Numericable US LLC	USA	100%	100%	FC	FC
Omer Telecom LTD (5)	United Kingdom	-	100%	-	FC
Opalys Telecom SAS (3)	France	-	100%	-	FC
Pays Voironnais Network SAS	France	100%	100%	FC	FC
Prixtel SAS	France	100%	100%	FC	FC
Rennes Métropole Telecom SAS	France	100%	100%	FC	FC
Rimbaud Gestion B SCI	France	100%	100%	FC	FC
Sequalum Participation SAS (3)	France	-	100%	-	FC
Sequalum SAS (3)	France	-	100%	-	FC
SFCM SA (2)	France	-	100%	-	FC
SFR 13 SAS (3)	France	100%	100%	FC	FC
SFR Business Distribution SA (3)	France	-	100%	-	FC
SFR Développement SAS (3)	France	-	100%	-	FC
SFR Distribution SA	France	100%	100%	FC	FC
SFR Fibre SAS	France	100%	100%	FC	FC
SFR Participation (3)	France	-	100%	-	FC
SFR Presse Distribution SAS	France	100%	100%	FC	FC
SFR SA	France	100%	100%	FC	FC
SHD SA	France	100%	100%	FC	FC
SRR SCS	France	100%	100%	FC	FC
SYMA SAS (6)	France	100%	-	FC	-
Teloise SAS	France	100%	100%	FC	FC
TME France SA	France	100%	100%	FC	FC
Ypso France SAS	France	100%	100%	FC	FC
Alsace Connexia SAS	France	70%	70%	FC	FC
Manche Telecom SAS	France	70%	70%	FC	FC
Moselle Telecom SAS	France	69%	69%	FC	FC

Entity	Country Registered office	Group interest 2022	Group interest 2021	Method [1] 2022	Method [1] 2021
Synerail Exploitation SAS	France	60%	60%	FC	FC
Irisé SAS	France	59%	59%	FC	FC
Moselle Telecom Part. SAS	France	56%	56%	FC	FC
Meta Lfone SNC (4)	France	50%	50%	FC	EM
Comstell SAS	France	50%	50%	FC	FC
Foncière Rimbaud 1 SAS	France	50%	50%	EM	EM
Foncière Rimbaud 2 SAS	France	50%	50%	EM	EM
Foncière Rimbaud 3 SAS	France	50%	50%	EM	EM
Foncière Rimbaud 4 SAS	France	50%	50%	EM	EM
Infracos SAS	France	50%	50%	JO	JO
XpFibre Holding SAS	France	50%	50%	EM	EM
La Poste Telecom SAS	France	49%	49%	EM	EM
Synerail Construction SAS	France	40%	40%	EM	EM
Fischer Telecom SAS	France	34%	34%	EM	EM
Synerail SAS	France	30%	30%	EM	EM
Sud Partner SARL	France	24%	24%	EM	EM
Sofialys SAS	France	24%	24%	EM	EM
Altice Customer Services S.à r.l	Luxembourg	65%	65%	FC	FC
Intelcia Software Solutions S.A. (ex. ATEXO S.A.)	Morocco	44%	44%	FC	FC
Emashore SA	Morocco	65%	65%	FC	FC
Inovendys SA (3)	Morocco	-	65%	-	FC
Intelcia Cote d'Ivoire SAS	Ivory Coast	65%	65%	FC	FC
Intelcia International SAS	France	65%	65%	FC	FC
Intelcia International succursale SAS	Morocco	65%	65%	FC	FC
Intelcia Group SA	Morocco	65%	65%	FC	FC
Intelcia IT Solutions S.A.	Morocco	65%	65%	FC	FC
Intelcia Management International SARL	Morocco	65%	65%	FC	FC
Intelcia Maroc Inshore SA	Morocco	65%	65%	FC	FC
Intelcia Maroc Offshore SA	Morocco	65%	65%	FC	FC
Intelcia Maroc SA	Morocco	65%	65%	FC	FC
Intelcia Portugal SARL	Portugal	65%	65%	FC	FC
Intelcia Sénégal SAS	Senegal	65%	65%	FC	FC
IT Rabat SARL	Morocco	65%	65%	FC	FC
MeilleurTX Maroc SA	Morocco	65%	65%	FC	FC
Intelcia Managed Services SA	Morocco	65%	65%	FC	FC
Smartshore SARL	Morocco	65%	65%	FC	FC
The Marketing Group SAS	France	65%	65%	FC	FC
TMG Succ	Morocco	65%	65%	FC	FC
Intelcia Cameroun SA	Cameroon	46%	46%	FC	FC
ATS France SARL	Luxembourg	100%	100%	FC	FC
ERT Holding SAS	France	100%	100%	FC	FC
ERT Technologies SAS	France	100%	100%	FC	FC
ICART SAS	France	100%	100%	FC	FC
TRC Belgium SPRL (5)	Belgium	-	100%	-	FC
ERT Mobile SAS	France	100%	100%	FC	FC
Rhôn'Telecom SAS	France	90%	90%	FC	FC
Eos Telecom SAS	France	100%	70%	FC	FC
Sudtel France SAS	France	100%	70%	FC	FC
Keos Telecom SAS	France	90%	60%	FC	FC
Azurconnect Technologies S.à r.l.	France	51%	51%	FC	FC
Altice Blue Two SAS	France	100%	100%	FC	FC
Outremer Telecom Digital Solutions Ltd. (ex City Call Ltd)	Mauritius	100%	100%	FC	FC
Intelcia (Maurice) Ltee	Mauritius	100%	100%	FC	FC
Intelcia Madagascar SA	Madagascar	100%	100%	FC	FC
Martinique TV Câble SAS	France	100%	100%	FC	FC
Outremer Telecom SAS	France	100%	100%	FC	FC
Outremer Tower SAS (2)	France	-	100%	-	FC
World Satellite Guadeloupe SAS	France	100%	100%	FC	FC

Entity	Country Registered office	Group interest 2022	Group interest 2021	Method [(1)] 2022	Method [(1)] 2021
BFM Business TV SASU (3)	France	-	100%	-	FC
BFM Lyon Métropole SA	France	95%	95%	FC	FC
BFM Paris SASU	France	100%	100%	FC	FC
BFM Publicité SASU (3)	France	-	100%	-	FC
BFM Radio SASU (3)	France	-	100%	-	FC
BFM Régions SAS (3)	France	-	100%	-	FC
BFM TV SASU	France	100%	100%	FC	FC
Business FM SASU	France	100%	100%	FC	FC
Diversité TV France SAS	France	100%	100%	FC	FC
Groupe News Participations SAS	France	100%	100%	FC	FC
Le Studio Next SASU	France	100%	100%	FC	FC
MCS SA (2)	France	-	100%	-	FC
Media Consumer Group SA	France	100%	100%	FC	FC
Next Media Solutions SASU	France	100%	100%	FC	FC
NextInteractive SASU	France	100%	100%	FC	FC
NEXTPROD SAS	France	100%	100%	FC	FC
NextRadioTV SA	France	100%	100%	FC	FC
RMC Découverte SAS	France	100%	100%	FC	FC
RMC Films SAS	France	100%	100%	FC	FC
RMC Production SAS	France	100%	100%	FC	FC
RMC SA Monégasque	France	100%	100%	FC	FC
RMC Sport News SASU (3)	France	-	100%	-	FC
RMC Sport SASU	France	100%	100%	FC	FC
SFR Presse SAS	France	100%	100%	FC	FC
Azur TV SAS (7)	France	100%	-	FC	-
D!CI TV SAS (7)	France	100%	-	FC	-
Alsace Télé SAS (7)	France	100%	-	FC	-
BFM Normandie SAS (7)	France	100%	-	FC	-
Grand Lille TV SAS (7)	France	96%	-	FC	-

(1) FC = Full Combination; EM = Equity Method; JO = Joint operation
(2) Company sold in 2022
(3) Company absorbed in 2022
(4) Change in combination method in 2022
(5) Company liquidated in 2022
(6) Business combination in 2022
(7) Entry in combination scope in 2022

35. Subsequent events

Amend and extend transaction

On January 31, 2023, the Group announced that its subsidiary Altice France had successfully extended 75%, or €5.9 billion (equivalent), of its 2025 and 2026 Term Loan maturities to August 2028. Additionally, Altice France raised €150 million of new Term Loans, following excess demand. Concurrently, Altice France extended its €1 billion Revolving Credit Facilities to January 2028, supported by its relationship banks.

This transaction is in line with the Group's proactive liability management efforts to optimise its capital structure. Following this transaction, Altice France has no material maturities before 2027. The average maturity for Altice France's debt capital structure increases to 5.3 years, from 4.7 years previously. The new Term Loans, due August 2028, consist of (i) a $4.3 billion Term Loan priced at 5.50% over SOFR and (ii) a €1.7 billion Term Loan priced at 5.50% over Euribor.

36. Auditors fees

The fees of the Group auditors and the members of their networks recognised as expenses in the combined financial statements as of December 31, 2022 are presented in the table below:

Auditors' fees (€m)	KPMG	Deloitte	Total
Audit services	1.4	1.7	3.1
Other assurance services	0.2	0.2	0.4
Total	**1.6**	**1.9**	**3.5**